



Legislative Assembly of Alberta

The 29th Legislature
Third Session

Standing Committee
on the
Alberta Heritage Savings Trust Fund

Wednesday, June 21, 2017
1:30 p.m.

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Third Session**

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

Coolahan, Craig, Calgary-Klein (ND), Chair
Schreiner, Kim, Red Deer-North (ND), Deputy Chair

Cyr, Scott J., Bonnyville-Cold Lake (W)
Dang, Thomas, Edmonton-South West (ND)
Ellis, Mike, Calgary-West (PC)
Fildebrandt, Derek Gerhard, Strathmore-Brooks (W)*
Fitzpatrick, Maria M., Lethbridge-East (ND)**
Horne, Trevor A.R., Spruce Grove-St. Albert (ND)
McKittrick, Annie, Sherwood Park (ND)
Taylor, Wes, Battle River-Wainwright (W)
Turner, Dr. A. Robert, Edmonton-Whitemud (ND)

* substitution for Wes Taylor

** substitution for Kim Schreiner

Office of the Auditor General Participants

Merwan Saher	Auditor General
Brad Ireland	Assistant Auditor General
Nelson Robe-From	Principal

Support Staff

Robert H. Reynolds, QC	Clerk
Shannon Dean	Law Clerk and Director of House Services
Trafton Koenig	Parliamentary Counsel
Stephanie LeBlanc	Parliamentary Counsel
Philip Massolin	Manager of Research and Committee Services
Sarah Amato	Research Officer
Nancy Robert	Research Officer
Corinne Dacyshyn	Committee Clerk
Jody Rempel	Committee Clerk
Aaron Roth	Committee Clerk
Karen Sawchuk	Committee Clerk
Rhonda Sorensen	Manager of Corporate Communications
Jeanette Dotimas	Communications Consultant
Tracey Sales	Communications Consultant
Janet Schwegel	Managing Editor of <i>Alberta Hansard</i>

Standing Committee on the Alberta Heritage Savings Trust Fund

Participants

Ministry of Treasury Board and Finance

Rod Babineau, Manager, Portfolio Analysis, Capital Markets

Lorna Rosen, Deputy Minister

Stephen J. Thompson, Executive Director, Capital Markets

Alberta Investment Management Corporation

Dale MacMaster, Chief Investment Officer

Kevin Uebelein, Chief Executive Officer

1:30 p.m.**Wednesday, June 21, 2017**

[Mr. Coolahan in the chair]

The Chair: Good afternoon, everyone. I'd like to call this meeting of the Standing Committee on the Alberta Heritage Savings Trust Fund to order. My name is Craig Coolahan. I'm the MLA for Calgary-Klein and the chair of this committee.

First, I'd like to ask everyone around the table to introduce themselves, and then the people on the phone can introduce themselves, starting on my right, please.

Ms Fitzpatrick: Maria Fitzpatrick, Lethbridge-East. I'm substituting for Kim Schreiner.

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

Mr. Ellis: Mike Ellis, Calgary-West.

Mr. MacMaster: Dale MacMaster, AIMCo.

Mr. Uebelein: Kevin Uebelein, AIMCo.

Mrs. Rosen: Lorna Rosen, Treasury Board and Finance.

Mr. Thompson: Stephen Thompson, Treasury Board and Finance.

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

Mr. Ireland: Brad Ireland from the office of the Auditor General.

Mr. Robe-From: Nelson Robe-From from the office of the Auditor General.

Dr. Turner: Bob Turner, Edmonton-Whitemud.

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

Mr. Dang: Thomas Dang, Edmonton-South West.

Ms Sales: Tracey Sales, Legislative Assembly Office communications.

Mr. Koenig: Good afternoon. I'm Trafton Koenig with the Parliamentary Counsel office.

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

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

The Chair: Thank you.

Those on the phone, can you introduce yourselves, please?

Ms McKittrick: Annie McKittrick, MLA, Sherwood Park.

The Chair: Okay. For the record I'd like to show that Ms Fitzpatrick is substituting for Mrs. Schreiner as per Standing Order 56.

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

The first item on the agenda is to approve the agenda. Would a member like to move that? Mr. Horne. Any discussion on the

agenda? All in favour? On the phone? Any opposed? Okay. That motion is carried.

The next item of business is approval of the minutes from the March 8, 2017, committee meeting. Would a member like to move that? Mr. Dang moved that the minutes for the March 8, 2017, meeting of the Standing Committee on the Alberta Heritage Savings Trust Fund be adopted as circulated. All in favour? On the phone? Any opposed to that? Okay. That motion is carried.

Hon. members, the draft 2016-2017 annual report of the Alberta heritage savings trust fund was posted on the internal website on June 16, 2017. Members are reminded that this draft report is confidential and that once approved by the committee, final copies will be printed by Treasury Board and Finance, and copies will be distributed to all MLAs by the chair. The annual report must be approved by the committee and distributed to all members by June 30.

Now I would like to ask Mrs. Rosen, Mr. Uebelein, and Mr. MacMaster to give us a review of the annual report, and then we'll take questions.

Mrs. Rosen: Thank you, Mr. Chair and members of the committee. Minister Ceci is unable to make it this afternoon and sends his regrets.

I'm pleased to speak on behalf of the department and to have the opportunity to discuss the Alberta heritage savings trust fund's 2016-17 annual report. As required by the Alberta Heritage Savings Trust Fund Act, we are here today to seek this committee's approval of the report. I will note that the report, particularly the minister's message, is in draft form and may change before publication.

I'll spend a few minutes going over some of the highlights of the report and then ask my colleagues from AIMCo to speak to the fund's results from their perspective and in more detail. The legislative objective for the heritage fund is to maximize the long-term investment returns for the fund with a prudent level of risk. The heritage fund had a very strong performance during the 2016-17 fiscal year. The fund surpassed its benchmarks and produced a record net investment income of \$2.3 billion, breaking the previous record of \$2.1 billion set in 2013-14. This was the result of excellent returns in global equity markets as well as Canadian markets seeing improved returns in the energy sector as crude oil rebounded from multiyear lows.

Of the fund's \$2.3 billion net income for 2016-17, \$182 million was retained for inflation-proofing, as required by legislation. More than \$2.1 billion was transferred to the general revenue fund, bringing the five-year total to \$7.7 billion. Since March 31, 2012, the heritage fund's fair value has increased from \$16.1 billion to \$17.5 billion, with \$955 million retained for inflation-proofing.

The heritage fund net-of-fees return was 10.7 per cent for the 2016-17 fiscal year, exceeding the policy benchmark of 10.1 per cent. Over the past five years the fund earned an annualized return of 11 per cent, exceeding the policy benchmark of 10.1 per cent. The statement of investment policy and guidelines sets out an objective for the fund to earn the five-year consumer price index plus 4.5 per cent. The objective for the last five years was 5.9 per cent, which the fund has exceeded. Over the past 10 years the fund has returned 6.8 per cent, which exceeds the policy benchmark return of 6.4 per cent. As you can see, AIMCo's operationally independent management of the heritage fund demonstrates value for Alberta. The heritage fund is and will continue to be our province's long-term savings vehicle for Albertans now and in the future.

I would like to discuss the Alberta growth mandate. In Budget 2015 the government announced that 3 per cent of the heritage fund would be allocated to directly invest in Alberta growth. Since the

announcement in October 2015, \$198.3 million has been invested across 17 separate investments. Investments that fit into the Alberta growth mandate must also meet the heritage fund's legislative requirement to maximize long-term investment returns. AIMCo is continuing to refine the process by which investment opportunities are presented, reviewed, and managed within our current investment structure. We will continue to provide the committee clerk with the periodic reporting regarding investments made under this mandate as progress is made.

I'm also pleased to report that highly qualified members have been appointed to AIMCo's board through the government's new appointment process. All candidates were screened using AIMCo's skill matrix and AIMCo's four core competencies of investment experience, investment-risk experience, knowledge of illiquid asset classes, and deep executive and/or board experience. All prospective AIMCo board member nominees must possess considerable depth in some or all of the four core competency areas. AIMCo's two new directors bring with them a wealth of these skills and decades of experience at the executive and board levels, making them excellent additions to the board. These appointments demonstrate that the requirements for technical expertise, skills, and knowledge necessary to serve on AIMCo's board have not changed. AIMCo's board will continue to set AIMCo's strategic direction and oversee the development and implementation of policies and procedures that govern the day-to-day conduct of its business, and these new board members will be valued contributors in fulfilling AIMCo's mandate.

That concludes my remarks, and I would pass it back to you, Mr. Chair. Thank you.

The Chair: Thank you, Mrs. Rosen.

Just before we move on, Mr. Fildebrandt, on the phone, can you introduce yourself for the record, please.

Mr. Fildebrandt: Derek Fildebrandt, Strathmore-Brooks.

The Chair: Thank you. For the record as per Standing Order 56(2.1) to (2.4) Mr. Fildebrandt is substituting for Mr. Taylor.

Mr. Uebelein and Mr. MacMaster, did you want to comment on the annual report?

Mr. Uebelein: Yes, please. Thank you, Chairman Coolahan. Whenever an investment professional starts his or her remarks by admonishing people to look at the long-term results, it usually means the short-term results have been poor, but I want to sit here and be an exception to that rule. As Deputy Minister Rosen has already described, the one-year results for the heritage fund have been indeed quite good. However, for a number of reasons I do want to remind people that it's very important that we look at the long-term results.

First, we have to look at the long-term results because that's how AIMCo thinks about investing. As a result, the long-term results are a better reflection of whether or not our strategies are indeed working well. I'm pleased to say that when you look over the long term, a four-, five-, six-, even eight-year period, the heritage fund has enjoyed strong results, including strong value-added performance above the benchmark.

1:40

Second, I think it's important that we look at the long-term numbers when thinking about the role that the heritage fund plays in contributing cash to the general revenue fund of the province. This past fiscal year, because of our strong results, the heritage fund was able to contribute over \$2.1 billion into the general revenue fund, and this is the largest contribution ever. But it is important to

remember that this is not a number that will naturally grow but, rather, one that will go up and down based on performance each year. In fact, over the past 10 years the range of payouts from the heritage fund to general revenue has been as wide as a low of zero and a high, as we have already mentioned, of this year's \$2.1 billion and an average payout to the general revenue of about \$1 billion, or roughly half of what was enjoyed in this year's bumper crop.

Moving on, I'd like to speak just for a moment about the Alberta growth mandate. First, I want to remind all the members of this committee that the decision to make a further allocation into Alberta-based investments is an asset allocation decision made by the government. These sorts of allocation decisions are completely in line with the proper division of roles and responsibilities between AIMCo and AIMCo's clients, in fact, in much the same way that our pension clients frequently come to us with ideas for changing their asset allocation or with new asset strategies, and we work with them. Once the asset allocation decision is made, however, it is completely AIMCo's responsibility to deliver on that allocation by making individual investment decisions or in some cases hiring outsiders to do that for us.

I'd also like to address the pace of investment in the Alberta growth mandate, which, you can see, is growing steadily. Because we have other clients, including our pension clients, who are also eager to make good investments, when we find opportunities that fit the Alberta growth mandate, we are very often obliged to allocate some of those opportunities also to these other clients, provided they fit within their own determined asset allocation scheme. For those of us who are wanting to see Alberta companies gain investment capital, this is a good-news story because it means that more capital than just from the heritage fund is being applied to these Alberta-based opportunities.

Another factor which influences our pace of investment and the mix of investing has to do with other competing investors. This also can be viewed by you, I think, as a good-news issue. As you know, it is not AIMCo's business to invest at too high a price. Our mandate is to maximize investment returns, and this means that if there are other sources of capital that will pay a higher price, then we will let them do so. But this also means that these Alberta businesses are still getting the funding that they need to thrive. This factor also means that we have found most of the well-priced opportunities in those sectors that, at least for the time being, are having more difficulty raising capital; namely, energy and real estate. This countercyclical investment behaviour is absolutely in keeping with our long-term strategy, which I described earlier.

In summary, I'd just like to tell you that we continue to work very hard to continue to drive good returns for the heritage fund and for the rest of our clients, and we very much appreciate your support.

The Chair: Thank you so much.

Would you like to add to that, Mr. MacMaster?

Mr. MacMaster: Sure. Maybe I'll just take a moment and touch on a few highlights before we open it up for questions. First of all, I'd like to say that the 10.7 per cent return that the heritage fund achieved over the last year was very pleasing to us. I think it's well above the number we would have thought of a year ago, when we were looking forward, so that's always good to see. It's been a difficult market in terms of valuation, so great to see that kind of return. It's also good to see that AIMCo was able to add 58 basis points over the benchmark as well. It's always nice for us to contribute to the return.

At the risk of piling on the long-term theme, I would like to highlight just a couple of data points. I always emphasize the long-term investing with our clients, and since AIMCo's launch eight

years ago I'm pleased to say that we've been able to add a return of 11.4 per cent annualized for the heritage fund. That also includes 120 basis points of value-added by AIMCo annualized over that period. That would qualify as a top quartile return when we measure ourselves against other like-minded investors around the world. We've also been able to achieve this with a slightly lower cost than the median manager and also execute with lower active risk. So by all those measures I would say that this has been a successful endeavour for the benefit of all Albertans.

If we take a moment to just drill down on the broader asset classes over the past year, you can see from the report that fixed income did well, earning twice the return of the benchmark, earning 3 per cent versus the benchmark return of 1.5 per cent. Now, while that might appear low as an absolute return, it's just a function of the low interest rates that are prevalent in today's world. Of course, anything that we can do at AIMCo to add value over that, we're aggressively trying to do.

In terms of the infrastructure portfolio we earned 7.6 per cent, beating the benchmark return of 5.9 by 170 basis points.

As pointed out earlier, equities did well, outperforming the benchmark by 40 basis points. All of the excess return was generated in the global portfolio, which returned 22.4 per cent, which, again, is a surprisingly high return given how late we are in the bull market in equities.

As is often the case, there are things in the portfolio that work and other things in the portfolio that lag, and this year was no different. In terms of negative contributors, we saw real estate struggle a little bit, with a return of 4.7 per cent versus a benchmark return of 5.6. Of course, this is mainly due to our office holdings in the Calgary market, which should come as no surprise to anyone around this table given the difficult conditions in Alberta.

I would highlight, though, that if we look at real estate over a five-year period, which is highlighted on page 13, the real estate portfolios earned 9 per cent versus the benchmark of 7.6 per cent annualized over that five-year period. So we remain very constructive on real estate. We're seeing plenty of opportunities around the world, and we expect good returns to come in the future.

Private equity was also a laggard in the portfolio, underperforming its benchmark.

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

The Chair: Great. Thank you.

I will open the floor to questions, and I'll keep a list. Mr. Ellis.

Mr. Ellis: Well, thank you very much, and thank you all for being here today. My first question, I guess, is in regard to the Alberta growth mandate. You know, I see, of course, that there was an allocation of the 3 per cent, which I think was around the \$500 million mark, that has been set aside for that, and then I see that \$195.7 million has been allocated. Then there's a list of all these Alberta companies where the money has been allocated to. I guess my question is this: if the Alberta growth mandate was not put into effect, would these still have been companies which you would have invested in?

Mr. MacMaster: Yeah, I would say so. As we've mentioned here many times, our primary objective and mandate is to earn the highest risk-adjusted return that we can and to do that in a low-cost manner. You know, as you can see from the report and our commentary here at many meetings before, we have substantial investments in Alberta, not only in the heritage fund but right across our portfolios, approaching 10 per cent, so of \$100 billion you have some \$10 billion. We're active investors in Alberta, and these are attractive investments.

I would say that it just so happens that, unfortunately, Alberta, you know, experienced a rough time with the drop in energy prices, which provided us an opportunity to step into the market and buy some attractive assets that were really attractive valuations.

Mr. Uebelein: If anything, the increase in allocation would have impacted the size, potentially, of each investment that we make, but as we've stressed, we're looking for well-priced opportunities to reap investment returns, so we have got more powder, if you will, to do that here in Alberta because of the growth allocation.

1:50

Mr. Ellis: The way I look at it here is the \$500 million – sorry. Could you exceed the \$500 million if the opportunities were there, like, if there are other companies out there in Alberta that meet your criteria? You know, you guys are fantastic at what you do, but if – and I see over the past two years that, I mean, we haven't even got to half of it. We're only at \$195.7 million. In a hypothetical situation there are some attractive companies, but then that exceeds \$500 million. Would you still invest? Are you restricted by this?

Mr. Uebelein: I'll take a first crack at this, and then I'll rely on my cohort here to correct me. We work very closely with all of our clients and, in this case, with the heritage fund on determining asset allocation guidelines and objectives. We can and sometimes do make investments slightly outside those asset allocation objectives, usually working in very close co-ordination with the client, when we see opportunities or a lack of opportunities. In other words, not hitting those asset allocation marks will happen from time to time based on very close communication and based on what we see in terms of the availability of good investments in the marketplace.

Mr. Ellis: Thank you.

Mr. Uebelein: Good enough?

Mr. MacMaster: That's great.

The Chair: All right. Dr. Turner.

Dr. Turner: Thank you, Mr. Chair. I just want to follow up on this line of questioning. I mean, I'm really proud of our government's work with this growth mandate. This is supporting job creators – and I think that's the number one job of any government, to create an environment in which more people can get employed at good jobs – and it's providing capital to Alberta companies. What could be wrong with this, basically? I mean, as the deputy minister said, in Budget 2015 the Minister of Finance directed AIMCo to establish this growth mandate, that would see up to 3 per cent of the heritage fund invested in Alberta companies with strong growth potential. The minister also directed that investment professionals, not politicians, would direct these investments.

So to my questions. On page 8 of the annual report there's a list of investments made through the Alberta growth mandate, I'm wondering if you could basically update us on those investments and how they're doing.

Mr. MacMaster: Sure. I won't go into great detail, but in general I think the portfolio is doing really well. In particular, the oil- and gas-related investments that we made were quite timely as we did a lot of these six months ago, so our timing was pretty good. I think the fact that our capital arrived when it did was a great benefit to the companies. In general I would say that they're all doing well.

The first investment we made, TransAlta Renewables, has done considerably well, and you can see that for yourselves in the stock price appreciation.

The real estate related investments, I would say, have a different risk profile, certainly, than the smaller cap oil and gas investments that we made and will earn a return over time. These are development-related projects on land that we purchased and we think are also creating jobs. We're building buildings, multifamily, industrial properties. They won't have the same risk-and-return profile as the energy investments. We continue to make those investments as well, but in general they are doing quite well.

Now, as you probably all noticed, energy prices have dipped a little bit recently. We've dropped below \$50 into the low \$40s. You know, those listed investments in the energy sector are dipping, but we have a lot of confidence in the management teams in each one of these companies. We have a lot of confidence in the quality of the assets that we purchase, and I think we have a lot of faith in that we purchased these at substantially discounted prices. Again, when banks departed the energy patch, we stepped in, and I think we took advantage of that. So it's doing quite well.

Dr. Turner: Thank you.

I have a couple more questions. I'd like to have the AIMCo officials expand more on your role as kind of almost an aggregator of investors in these projects. When you make investments, other investors are participating, and it means that there's a much larger aggregate of investments that are supporting the jobs and growth in Alberta. Have you been tracking the totality of these investments that have been done, and if so, what is the total?

Mr. Uebelein: Dr. Turner, in one respect we do track it, and that's the first that I described earlier. In other words, if you see in the annual report \$195.7 million invested in these 15 or 17 companies, there's the multiplier effect in the fact that other AIMCo clients are also invested, so the total gross investments made in these same companies are closer to a billion dollars. By the way, since the year-end close of March 31 two additional investments were made. Again, the addition to the growth mandate is a little less than \$20 million, but the total investment, including across all of AIMCo's clients, is exactly \$93 million, so that gives you an idea of, in one sense, this notion of a multiplier effect.

The second notion is that there are other competing elements for these transactions. In other words, that we don't always win these investments because someone else is making them is harder to track, frankly, so we don't track that.

Dr. Turner: Okay. I appreciate that.

My final supplemental is: without, obviously, going into specifics of potential deals, approximately how many different investment opportunities have been considered under the rubric of the Alberta growth mandate?

Mr. MacMaster: We looked at close to 120 opportunities.

Dr. Turner: Hmm. Impressive.

Thank you very much.

The Chair: Mr. Cyr.

Mr. Cyr: Thank you, Mr. Chair. I'd like to point out right off the bat that I'm very excited to see that you were bringing into Alberta's coffers \$2.151 billion. Very good job. It's also great to see that it's the highest that we've ever had over the entire life of the Alberta heritage trust fund. The highest, if you look at the average here, that it looks like we've been trying to get out is \$1 billion to \$1.5 billion, so you've done quite well, and I'd like to commend you on the fact that you've done such a good job with bringing that revenue into Alberta.

Now, to move on to the Alberta growth mandate and to follow up with my colleagues here, can you explain the difference between the Alberta growth mandate and Alberta exposure? That's page 19 and page 8 of the report.

Mr. Uebelein: I'll defer to Dale to go into the detail of the rubric, but in my mind there are certain possible investments in Alberta which would not fit the growth mandate. The best example might be a whole range of real estate investments that would not fit, in our mind, a growth mandate, whereas certain development opportunities where we're taking fallow land or underutilized real estate and putting development capital into it so that we're both helping the growth through the hiring of workers but also in the reutilization of that real estate would be a good example, for instance. So we make other real estate investments which we wouldn't think of as growth opportunities for Alberta, for instance.

Mr. MacMaster: Yeah. Maybe I'll give you another example. Fixed income is another asset class where I think it's easy to see. So if we make an investment in an Alberta-based bond, say, EnCana or Cenovus, we wouldn't include that in the 3 per cent mandate because it doesn't seem to hit the criteria. So we'd exclude that.

2:00

Mr. Cyr: Would you have on hand the amount of Alberta exposure for the last five years? It looks to me that almost 10 per cent of our entire holdings now has Alberta exposure. That seems to be a significant amount of funds that has Alberta exposure, especially in low oil times. Now, is this the highest it's been? I'm just curious if we've made a big change in direction in trying to limit, I guess, the ups and downs of Alberta on the Alberta heritage trust fund.

Mr. MacMaster: Maybe I'll take that one. I don't have the five-year numbers in front of me, but I think it's probably safe territory for me to say that as the assets have grown over the last five years, you know, the weight in Alberta has also grown. So, without having the numbers in front of me, let me say that.

If you look at the breakdown of the assets in Alberta, a large part of that, probably half, is real estate. If you look at how we approached real estate over the last five years, we made a conscious, tactical bet in the portfolio to overweight Alberta-based real estate and underweight Quebec. The rationale for that was that for many years Alberta was leading the Canadian economy in terms of growth: young population, tremendous growth, tremendous opportunity, tremendous amount of construction going on here. We built a large office tower in Calgary and did very well. There was a conscious, tactical investment decision to, you know, purposely invest in Alberta, and that's done very well. We're also aware that the Alberta economy goes through its ups and down, and we're in one of those downs now. We're also looking at more attractive investments in real estate as others depart. That's the way we do business.

Another large portion of the portfolio is in fixed income, where we have bonds, you know. There are certainly great investment grade rated companies based in Alberta, and we have plenty of those.

Public equities is another one. There's a huge representation in the Toronto Stock Exchange index of energy companies, so we're participating in those as well.

Mr. Babineau: Just to add one thing to that, at the request of the committee we added the Alberta exposure after the 2013-14 annual report, so we've actually only been tracking it since the 2014-15 annual report. So for the last three years we've been tracking the Alberta exposure in the report. I don't know how difficult it would

be for AIMCo to sort of get that data now because we've only been tracking it for about three years.

Mr. Cyr: Has it sharply increased over the last three years, then? If it's gone from 1 per cent to 10 per cent, that seems to be a staggering . . .

Mr. Babineau: No. It's been relatively right around 10 per cent. Even with the growth mandate we've seen some decrease in our real estate holdings because of some of the revaluation in Calgary. In 2014-15, when we started tracking, our Alberta exposure was \$1.75 billion, which is pretty close to what it is now. It hasn't changed all that much; it's mostly probably due to valuations.

Mr. Cyr: Okay.

Mr. Chair?

The Chair: Go ahead.

Mr. Cyr: Thank you. Have we seen pretty big writedowns from our holdings, then, for the real estate? Our Calgary real estate especially has taken quite a significant decrease in value. This is exactly why the Alberta heritage savings trust fund was set up, to avoid these kinds of things, where we see stability within Alberta by not going so strong in our own economy. Have we seen massive writedowns?

Mr. Babineau: I can't say for certain if there have been massive writedowns, but the value in 2014-15 of real estate that was held in Alberta was \$976 million, and we're showing a value of \$887 million now. But there are a number of reasons for that. It's probably some decreases in some of the values as well as there could have been disbursements or sales of assets.

Mr. Uebelein: The only thing I would add is that I would remind everyone that the unrealized losses from writedowns, whether we call them large or small, are baked into those annual returns that have been reported. So while, as Dale said, real estate was an underperforming asset class, this is what diversification of a portfolio is all about and the long-term nature of that diversification. There will be other time periods in the future where real estate will carry the load for other asset classes, which will be laggards. But those writedowns are baked into that 10.7 per cent return.

Mr. Cyr: If there's somebody else, I could let them go, but I still have more questions.

The Chair: Well, we'll move on, then. I'll come back to you, Mr. Cyr.

Mr. Horne.

Mr. Horne: Yeah. Thank you. Similar to Mr. Cyr's first comments, I was very happy and excited and indeed surprised to see that on page 10 of the report the fund has earned the largest income ever in the past year, so I was hoping AIMCo could give us some insight on what factors contributed to that great growth.

Mr. MacMaster: I think one of the key factors was the performance in equities. Global equities up 22 per cent probably triggered a good part of that.

Mr. Horne: Okay. Thank you.

Mr. Ellis: Gentlemen, I know you were touching on Calgary real estate. Is the Calgary real estate market, in your humble opinion, looking like an opportunity right now for AIMCo to invest in?

Mr. MacMaster: I think we're still cautious on the real estate market in Alberta and still cautious on the Alberta economy. That said, you know, we have purchased land in the past where we see some development opportunities, where perhaps given the labour conditions we can build more efficiently and less costly. But with respect especially to Calgary offices, where we're still quite concerned, I think it'll take years to fill those offices, potentially.

Mr. Ellis: Yeah. To your point, you talked about long-term investment, which is what AIMCo does.

Mr. MacMaster: Yes.

Mr. Ellis: I'm just a simple fellow, but the way I see it is that, you know, the real estate market, especially in downtown, is very low right now. I see it possibly as opportunity, and then, of course, projecting down the road, there's potential to go up. So, yeah, I'm just wondering what your opinion is.

Thank you.

The Chair: Mr. Cyr.

Mr. Cyr: Thank you, Mr. Chair. To delve a little further here, I see that we bought some more equity, if you will, in Razor, Perpetual, and Journey Energy companies. Specifically, I'm seeing debt and loan facilities and warrants again. Again – and I brought this up before – are we holding these companies up so that they're liquid, or is this an actual opportunity, that we are thinking that they're going to pull out of this downturn?

Mr. MacMaster: You know, we believe in these companies. Our portfolio managers have done a very deep dive in terms of evaluating and stress-testing the assets and management teams. Even in many cases within the worst-case scenario, where the companies go under, the salvage value of the assets alone still covers us. This is why we're doing debt with warrant-type transactions, where we can rank in the capital structure such that we rank ahead of equity, but should things turn out well, we can capture some of the upside. It's only in these types of environments where we can structure transactions like this, when there's a little bit less competition around and the tone in the energy patch is so poor. The folks we have managing the portfolio are highly experienced, deep-value, contrarian managers, and this is right in their wheelhouse.

2:10

Mr. Cyr: Would these three that I mentioned be junior oil companies?

Mr. MacMaster: I would definitely, you know, call them smaller cap companies, yeah.

Mr. Cyr: With all of the junior companies having a lot of liquidity problems right now, this seems to be an odd place for us to be putting Alberta heritage trust fund money, though, doesn't it?

Mr. MacMaster: I think, you know, that when you look at the Alberta heritage fund, you've got to consider the entirety of the portfolio and the level of diversification we have, both in terms of asset class and geographic diversity. With some \$17 billion under management, to have a small piece, a couple of hundred million, in this space together with the broad array of assets we have around the world makes some sense. That's the way we look at it. Would it make sense for us to have \$17 billion invested in small-cap energy companies in Alberta? No. But there is room for highly distressed companies of good quality, with good management teams and good assets, for the right amount, the right sizing of that, in the portfolio.

Mr. Cyr: I've got a ton of questions.

The Chair: Okay. Go ahead.

Mr. Cyr: We see that there are quite a few energy companies that were pretty much put into this. Do you have a specific area that they're focused in? Like, is this all northern Alberta?

Secondly, the real estate that we've got here: is that all in Calgary, or is that spread out across Alberta? My question is: have we very localized our investment into these junior companies and the real estate holdings?

Mr. MacMaster: Okay. On the real estate side, we have some in Edmonton, some in Calgary. Some are multifamily. Some are industrial. On the energy side, it's really a wide range – some are gas related, some are fracking, and some are service – and they're geographically diversified across Alberta as well.

Mr. Cyr: Perfect. Thank you.

The Chair: I guess you can keep going.

Mr. Cyr: Cut me off if I start going too far here.

On page 17 of the draft at the very top it says: "As of March 31, 2017, the inflation sensitive investments made up 33.8% of the total investments, up from 33.4% in the previous year. The long term policy target weight of these assets is 30%." Is it not troubling that we're seeing this growing and not shrinking?

Mr. Babineau: From our perspective, there's been some consideration of increasing the long-term policy target. That has not come through as of yet. Part of the reasoning for this increase taking place is because we have drawn this year such a large amount of money out of the fund. When we set our policy at the beginning of the year, our expectations in budget were to earn about \$1.3 billion. So when at the end of the year we have to withdraw \$2.1 billion, we have to raise that money somehow. That is typically raised through the selling of our most liquid investments, our stocks that trade on publicly traded exchanges and our fixed-income investments that we can readily liquidate. We can't go out and sell a real estate holding readily to raise that sort of money. So it takes time to adjust, and that's primarily some of the reason for the increase this year.

Mr. Cyr: So you're aware of it, and you're working to bring that down?

Mr. Babineau: Yes. Absolutely.

Mr. Cyr: Okay. All right.

Now, are we expecting any continued growth that we're seeing this year projected for the 2017-2018 year? This was remarkable.

Mr. MacMaster: Of growth in the income?

Mr. Cyr: In the income.

Mr. MacMaster: Yeah. It's really hard for us to say. We at AIMCo don't target an income level. What we're after is adding value to the portfolio over benchmarks. You know, the income is an output of that, but it's not something we can target. I've reminded this committee before that this has been a really long bull market. To see global equity markets up 22 per cent last year was a surprise to everyone. This could continue, but we should all brace ourselves for the inevitable bear market that comes in correction, when you won't even have, you know, positive income, potentially, over a

short period. This is highly variable, and we've had a long, long bull market run, so caution.

Mr. Uebelein: Last year's \$2.1 billion was the highest ever. I would just say that the odds of having back-to-back highest evers are quite low, but we're always trying to maximize whatever that number will be.

Mrs. Rosen: If I could just add to that, I know that it's quite common knowledge that our nonrenewable resource revenue is very volatile. Our investment income is actually more volatile than our nonrenewable resource revenue. It's the most volatile revenue source that the province has, so it's, I guess, good counsel that the gentlemen provide in terms of: we can't necessarily expect it because it's very changeable.

Mr. Cyr: Thank you.

Now, in this case the remarkable growth that we've seen this past year is due to the bull markets, as you have stated here. Can we expect that if oil doesn't go up – and we're seeing a definite increase in the amount of exposure that we've got in oil and gas assets. That's not just in Alberta; it looks like that's probably world-wide if I had to speculate here. Could we see significant losses if we don't see oil turn around in the next year?

Mr. MacMaster: I think the energy prices are just one factor in that equation. Certainly, it's a larger factor for their Canadian exchange, but energy as a proportion of other equity indexes, major indexes around the world, is much smaller. Of course, we have a diversified portfolio, where we have typically much lower levels of commodity risk, say, in infrastructure and private equity and so on. That's only one small factor, I would say.

Mr. Cyr: Okay. One last question?

The Chair: Okay. Go ahead.

Mr. Cyr: Thank you, Mr. Chair. We're supposed to have for the Alberta growth mandate \$500 million of potential investment. Now, in this last quarter it looks like we've spent right around \$20 million of the \$500 million. Do we ever expect to hit that \$500 million? Is it going to take us 20 years to get it at that rate? The minister keeps touting this as the golden goose that will save Alberta, but it doesn't seem to be that you're all that excited to move in this direction.

Mr. MacMaster: Well, let me take a stab at that one first. Certainly, our mandate to look for the highest risk-adjusted return has us looking globally for opportunities. Certainly, we're hard at work looking at opportunities in Alberta. I mentioned that we looked at close to 120 opportunities. Maybe I'd just add – and I can't speak to these – that there were a couple of very large investments that could have filled the mandate had it not been for the deeply competitive nature of the markets today. In places like infrastructure and real estate and private equity it's tremendously competitive. You know, we continue to look, we continue to evaluate, but we will not stray from our discipline.

Mr. Cyr: Okay. Thank you, Mr. Chair.

The Chair: Thank you.

Any other questions?

Ms Fitzpatrick: Okay. I'm going to begin by saying that I'm a glass half full. Clearly, with a record income this year the fund is performing well right now. I'm wondering, though, about big

investment challenges and opportunities that might exist over the next five to 10 years. Could any of you share your thoughts about what we might see over the next few years?

The second part of the question is: are there any actions that the government, the department, AIMCo should begin to start considering that might help us manage those challenges and opportunities?

2:20

Mrs. Rosen: Maybe I could start. Just further to some comments made earlier, we do on a regular basis with AIMCo, the minister being responsible for the fund, look at the principles around which we want to see the investments made, which is our responsibility, and we look at the allocation mix and the risk that we're willing to take. I would suggest to you that that periodic review helps in this regard because it allows us as a client to consult with our investment manager and to gauge our risk with respect to what our risk appetite is given the times and the circumstances and given where we want to go as a province. I think that that's one place where we look to make an impact.

Mr. MacMaster: Maybe I'll just add some market commentary, if you will, to that. It's very hard to predict the next five or 10 years. We can barely see beyond the ends of our noses when it comes to markets and investing. You know, again, let's remember that we've had this long bull market, one of the longest in the post World War II period. The most recent period was driven, in part, by the Trump rally, that started post-November, and it's taken us through the first quarter. As we now look around the world, many equity markets are very close to their all-time highs. There is also a lot of complacency in the market. We're also seeing the start of interest rate increases, and while we think that the pace of those will be gradual and that the magnitude won't be great, there are some significant hurdles for markets.

I think that if you look at the global economy, it continues to grow, led by the U.S. primarily. If you look at the unemployment situation in the U.S., we're seeing numbers along the lines of what we saw prior to the credit crisis, so getting to a much better recovery in the U.S., and Canada has benefited from that. If you look at the first quarter, Canada actually outperformed the U.S. with a 3.7 per cent GDP. We'll probably outperform them in the second quarter as well thanks to the growth in the U.S. and a cheap Canadian dollar, which has helped in driving exports.

You know, as I look around the world, Europe is recovering. The global economy is recovering, but it will not recover to the same place it was prior to the credit crisis. That's probably due to demographics, aging population, automation, robotics, et cetera. Nevertheless, we're improving. The problem is that investors have taken that information and priced it into assets. Our portfolio managers, quite frankly, are frustrated and find it difficult to find attractive assets at this point, but we will maintain our discipline, and we will continue to search. Perhaps the best thing for all of us and for long-term investors like ourselves at AIMCo would be for a market correction to happen and shake out some of the loose money so that we could see more opportunities.

Certainly, as I look back at the postcrisis period, 2010, '11, and '12, those were periods where we generated some of our best investments and purchased some of our best-performing liquid assets.

Ms Fitzpatrick: Thank you.

The Chair: Any further questions? Anyone on the phone? Okay. Well, with that said, would a member like to move that

the Standing Committee on the Alberta Heritage Savings Trust Fund approve the 2016-2017 Alberta heritage savings trust fund annual report as circulated.

Dr. Turner. All in favour? Any opposed? On the phone? That motion is carried.

Okay. Moving on to the next item on our agenda, we're going to discuss the 2017 annual public meeting. As you know, under the Alberta Heritage Savings Trust Fund Act the committee is required to hold a public meeting informing Albertans of the status of the fund. Usually this meeting is held in October, prior to the fall legislative session, although this does not have to be the case. For the past seven years the committee has chosen to have the public meeting broadcast live to Albertans via television although this year the public access television we have used previously is no longer broadcasting. However, as members know, the Assembly now has the capability to video stream its committee meetings live on the Internet in addition to audiostreaming proceedings.

For the past six years the meeting was held in Edmonton, with webcasting and other options for Albertans to participate. In 2015 and 2016 the committee held the meeting here in the Edmonton Federal building, which saved substantially on venue and technology expenses. The committee will need to decide on a date and location for the public meeting. Last year's meeting was held on October 27, before the start of the fall session. As members of the committee know, the Assembly is scheduled to reconvene on October 30. Therefore, the deputy chair and I would like to recommend that this year's public meeting be held on Thursday, October 26, from 7 to 9 p.m.

Are there any questions or comments about this public meeting at this time? If not, would a member like to move that

the Standing Committee on the Alberta Heritage Savings Trust Fund schedule the 2017 annual public meeting for Thursday, October 26, 2017, from 7 to 9 p.m. at the Edmonton Federal building.

Mr. Dang so moved. All in favour? On the phone? Any opposed? That motion is carried.

Next we will talk about the draft communications plan for this public meeting. Part of the planning for the public meeting is communicating with Albertans about the event but also inviting their participation in person at the meeting and through social media. To that end, the common practice is for the Legislative Assembly Office communications staff to reach out to Albertans on behalf of the committee through various media to make them aware of the public meeting.

Prior to this meeting I asked Tracey Sales from the Legislative Assembly Office communications to prepare a communications document in support of the public meeting for the committee's consideration. This document has been posted on the committee's internal website, and I'd like to invite Ms Sales to discuss the proposed plan at this time.

Ms Sales: Thank you, Chair Coolahan. The communications plan for the 2017 public meeting focuses on a lot of the same initiatives that we've found successful in the past. We're talking about a mix of newspaper advertising, radio advertising as well as social media advertising. We're also looking at including the same social media engagement during the public hearing that we've done previously.

Some of the new strategies, though, that we are looking at including are extending our use of video for educational and promotional opportunities. We're also looking at live streaming across social media in addition to live streaming on the Assembly website. As part of expanding our use of video, we'd like to look at redoing the introductory educational video that plays at the beginning of every public meeting. We also use this video to

promote the public meeting. We use smaller clips. We also intend to make smaller educational clips and promotional clips as well to air on Instagram and Facebook.

The only other comment I'd like to make at this time is that when looking at the October 26 date, I would like to make sure that I let the committee know it's only 10 days after the municipal elections in the province, which are on October 16, which only gives us about a 10-day window within which to promote. That is something to consider.

Thank you.

The Chair: Thank you. Maybe you could clarify that. Why is there only a 10-day window?

Ms Sales: I'm sorry. I meant that the general municipal elections in the province will be held on October 16, and the public meeting date would be October 26.

The Chair: Is there a ban from advertising there? I'm not sure.

Ms Sales: No, not at all. Not at all. Sorry. Previously we had a public meeting very soon after the general municipal elections were held across the province, and what we found was that because the focus is on what's happening in those elections, because the focus of the media and the public is on that, it was very hard for us to get our messaging through. We did find that we had a lower turnout at the public meeting. I'm not suggesting that that will for certain be the case this time. I just wanted to bring it up because it is a concern, because we have experienced it in the past.

2:30

The Chair: Okay. Thank you.

I'll open up the floor for discussion on this. Anybody have any questions on this? Mr. Dang.

Mr. Dang: Thank you, Mr. Chair. I'm just curious. This is, I guess, pretty normal for what we've seen for our communications plans. I'm wondering if there's an opportunity here, moving forward, to do something like some sort of video chat with members and guests. If somebody wants to ask a question over, like – I don't know – Skype or Google Hangouts or something along those lines, is that something we could explore as an option?

Ms Sales: I think we can explore any ideas that the committee would put forth. It wasn't something that we mentioned in the plan, but we do have time to look into it and to report back to the committee if that is what the committee would like us to do.

The Chair: I think that it would be worthy to understand if it's feasible for the public to ask questions in that way.

Ms Sales: Okay.

The Chair: Thank you.

Mr. Cyr.

Mr. Cyr: Thank you, Mr. Chair. I have two questions, actually. The first one is that I think I'm hearing what you're saying here, that the timing might not be the best for us for the meeting. Is it possible for us to move the meeting back to, say, November to be able to, I guess, bring awareness of such an important committee meeting?

The Chair: Yes, of course, it is possible. We'd have to have another motion, of course. But we can discuss that. I'm more inclined to have it before we start session, but, I mean, it is open. We can discuss it.

What were the numbers? How big a difference was it? Do you have those numbers?

Ms Sales: That's actually difficult to answer because so much has changed over time. Even the way that we handled the meeting has changed throughout the years. Do you know what I'm saying? The audience was quite small, fewer than five people. I can't say that it could all be, of course, attributed to that, but it definitely was a factor. As I said, I just wanted to bring it up as a possible factor this time.

There are things that we can do to try to mitigate that. We can build in more promotion during the back end. After the elections happen, we can really ramp up all of our promotions. Generally speaking, the two weeks leading up to the public meeting are when we would do most of our promotion of the meeting. We've narrowed that window significantly: that is all I'm saying.

The Chair: Yeah. So there's no clear indication that that was a cause for the low numbers. Why would somebody not want to come to the meeting? Fair enough, right?

Mr. Cyr: Can I have a second question, Mr. Chair?

The Chair: Yeah. Go ahead.

Mr. Cyr: Thank you, Mr. Chair. How many people did we have come to the last meeting?

Ms Sales: That's a good question. I actually did not bring those numbers with me, but I believe it was between 20 and 30.

Mr. Cyr: So we're spending it looks like . . .

The Chair: We do have those numbers here.

Mr. Cyr: You have the total number?

Mr. Roth: Thanks, Mr. Chair. Not including various staff from AIMCo and caucuses and that, there were about 12 members of the public that were in the gallery. There were a number of people that participated – I think it was 22 – externally online, and there were about a thousand in the TV audience. I don't remember exactly the total number of questions, but it went right through to the end time of the meeting. There was a fair bit of discussion.

Mr. Cyr: Mr. Chair, we're radically changing. We no longer are going with a broadcaster; we're going with the Legislature. I'm sure all 18 people that watch it in a night or during the day – we can expect that there's going to be a significant lowering of the number of people because of the fact that the broadcaster no longer is going to be broadcasting this.

Is there value for money? That is what I'm asking. This needs to be brought forward, that if we end up with five people watching this and we spend \$20,000, that's \$4,000 a person. Is there a better way of reaching out to people? Maybe we need to revisit exactly how we're communicating.

The Chair: You're just talking about actual advertising or the actual broadcast?

Mr. Cyr: Well, all of it.

The Chair: All of it, yeah. Well, if I do remember correctly, the numbers were down last year from the year before as well. Nothing had changed at that point. There was no new advertising, and the broadcaster was the same. I think Ms Sales is trying to get some new approaches to advertising the meeting as well. Your point is

well taken, but, I mean, we have to never forget that it is mandated in the act that we have to have this public meeting.

Mr. Cyr: I'm not disputing the fact that we have the meeting, but maybe we should be looking at reducing some of the costs that are proposed here, say by 50 per cent.

The Chair: Okay. We'd have to have a look at those numbers. Go ahead, Ms Sales.

Ms Sales: When we do these plans, we are trying to build an online audience as well as an audience within the room. Because of the fact that we're broadcasting online, we will have a lot of people who will choose to stay home and tune in when they're interested as well, and we've built public engagement into the broadcast so that they can be just as involved with the meeting as if they were here.

Some of the initiatives that we're talking about this year, live streaming on social media – YouTube, Facebook, that sort of thing – I think will widen the audience beyond what we saw online last year, where we just live streamed on the Assembly website. I think that we will definitely add to the viewership that we have online. I can't guarantee that we'll make up for the thousand people that we reached through the television audience, but I definitely think that these initiatives will help us to expand our viewership online. Keep in mind that television broadcasting has seen better days and that more people are actually watching – for their news, their entertainment, information in general they are going online. I don't think that there's anything to lose by trying to expand the online audience. I think that that is definitely a good way to go.

As far as the costing within the comms plan, I would say that right now we actually have a bare minimum of advertising. We have a very small investment in radio, a very small investment in the daily newspapers, and then we have an investment in online advertising. I think that the budget for the communications plan has actually been decreased significantly over the years as well because we realized value with some of our online initiatives, some of our social media initiatives.

The Chair: Yeah. If I could add that the cost of travel has been significantly reduced as well, having it in this building, that's all equipped.

Maybe just for clarification, the total cost you have in this plan is about the same as last year.

Ms Sales: It's very close.

The Chair: Yeah. It's very close. Are there any new costs in there? I think the only new cost is the new videos. Is that correct?

Ms Sales: The new costs pertain to the videos, yes.

Mr. Cyr: So the broadcast that we had done before: we paid nothing for that?

Ms Sales: The Shaw broadcast?

Mr. Cyr: Yes.

Ms Sales: Actually, you know what? I don't know if there were broadcast costs last year because we broadcast the meeting here, and I believe Shaw simply made our feed available. In previous years, when we broadcast through Shaw, I believe it was maybe about \$4,000 to \$5,000, but last year it was the in-house broadcasting.

2:40

Mr. Cyr: Okay. Did we see a \$4,000 or \$5,000 decrease?

Ms Sales: Yes, we did.

Mr. Cyr: Okay. Thank you.

The Chair: Yeah. We have some costing over time here.

Mr. Roth: Thank you, Mr. Chair. Yeah, there was actually about a \$6,000 saving from the 2015 report. Just as sort of overall, I kind of have the costs for the last three years of the public meeting. In 2014 it was off-site, so there were additional costs, and it came out to \$51,600. In 2015 it was down to \$24,700, and then last year it came in at \$18,300. So over the last three years there has been a pretty significant decrease in costs for holding the public meetings because of the infrastructure and being able to utilize the facilities.

Mr. Cyr: But I see it's jumping up this year according to this, from \$18,000 to \$25,000 or \$26,000, by doing the math here.

Ms Sales: I believe the committee clerk was reading out the actual costs. The costs in this plan are estimated, but I'm actually estimating based on the same figures that were estimated last year. If the costs do come in lower, we will see savings.

Mr. Cyr: You're saying that there were savings of \$7,000. That's about – what? – 25 per cent. It seems to me that you're really estimating high if you're saving that kind of money.

Ms Sales: Right, but we're also including additional costs for updating the video and incorporating new video for educational and promotional purposes.

Mr. Cyr: Was that \$500?

Ms Sales: No. It's \$2,000. We're allocating \$500 for the educational and promotional video clips and \$1,500 to actually update the introductory educational video.

Mr. Cyr: What's the total cost, then, that we're asking to budget for?

Mr. Roth: In this year's plan I believe it's \$25,000.

Ms Sales: It's \$25,000.

Mr. Roth: Just to let you know, I'm looking at the communications plan for last year, and the budgeted amount in the comms plan was just under \$26,000 to \$28,000. So this year's is on the low end of that budget.

Ms Sales: Just to give you a bit of insight, it's hard sometimes to estimate advertising costs if I don't have ad copy already created. I'm estimating based on a random size at this moment because I haven't actually created any of the deliverables. Once we create the print ad, we will know exactly what the size is. Then we know what the cost will be to place that ad. So some of the costs in the plan are estimated. The online costs will come in extremely close to what I've estimated. The print: there's always a bit of variation, depending on what the content of the ad will be. Does that make sense?

Mr. Cyr: It does.

All right. Are we going to be tracking exactly how many people so that if we end up with 30 people, we can revisit this next year, then, Mr. Chair?

The Chair: Yeah. Well, we do every year, of course. We see the numbers, and as I was noting, the viewership went down and the costs went down significantly as well. I mean, for me, if the objective is to get more people to tune in, I think we have to consider this communications plan as a tool to bring more people in.

Mr. Cyr: Mr. Chair, if it's not working, then continuing to go down that road doesn't seem to be the right avenue, if you will.

The Chair: Right, but Ms Sales is providing some new initiatives in here to try and bring people in.

Mr. Cyr: All right. Thank you, Mr. Chair.

The Chair: Thank you.

Mr. Dang, did you have a question?

Mr. Dang: Yeah. Just going back to a little bit earlier with Mr. Cyr here, to when you were talking about the meeting date, I mean, I'm not opposed personally to moving it to another date. I do have concerns around it being during session, especially for some of our MLAs who are from out of town. If we're going to be hosting it on a Thursday again or something, then I wouldn't want to keep members here if they'd like to be back in their constituencies for the weekend. Do you have a date you'd recommend or something that we might be able to work with?

The Chair: Yeah. Point well taken. That's why I would like to have it done before session begins.

Ms McKitrick: Mr. Chair, can I ask a question?

The Chair: Yeah. Go ahead, Ms McKitrick.

Ms McKitrick: It seems to me like we're really talking about two different things around the numbers of people attending meetings. One is the number of persons who are interacting while we're actually holding the annual meeting, and second of all is the viewership afterwards, when the meeting is completed but where information is still communicated to Albertans. I'm wondering if we have any data around the number of persons who have watched the video or the record of the AGM afterwards.

The Chair: I don't know. Do we have those numbers?

No, we don't have those numbers, Ms McKitrick.

In fact – I don't know – is there an ability to track that? I have no idea.

Ms Sales: We can track viewership numbers for anything that we've posted online, but if Shaw rebroadcasts, if that's what she's asking, as far as we know, the numbers that they've provided were for the total audience that they were able to measure. So if there was a rebroadcast of the meeting, I don't know what those numbers would be.

The Chair: Okay.

Ms McKitrick: The reason I ask that question is because I think what – and I know we're worried about the low number of persons who are actually watching it while we're having the AGM, but I'm assuming that there are quite a few Albertans who turn on the Assembly website or other media, YouTube and so on, and who might be intrigued by the heritage trust fund and then also watch the results. It might lead them to ask further questions or be involved with the results of the heritage trust fund.

The Chair: Okay. Did you want to respond to that?

Ms Sales: I think what Ms McKitrick was trying to say was that by using the video to educate and promote the public hearing but also to educate the public on the heritage fund itself ahead of the meeting, it will engage viewers not only just to be aware of the public meeting and the heritage fund itself but also encourage them to possibly tune in for the meeting. Absolutely, that is the goal. What we're trying to do is that we're trying to create educational opportunities for this committee so that the public becomes more aware of the fund and also to promote the public meeting at the same time. Evaluating success just based on the number of people who attend the public meeting might not be a fair measurement because we're actually trying to achieve more than that. [An electronic device sounded]

The Chair: Thank you.

Dr. Massolin, you wanted to comment.

Dr. Massolin: Thank you. Hopefully, Siri won't talk back to me.

I just wanted to offer this because this is the first year that the Assembly will be broadcasting through Assembly Online, that there will be an opportunity for people that missed the meeting to view the broadcast online. Now, I'm not sure about the ability to track the viewership numbers with respect to that, but we can look and see if that's possible and get back to the committee through an e-mail.

Thank you.

The Chair: Okay. Thank you.

Mr. Dang, I had you. Did you have a question?

Mr. Dang: Thank you, Mr. Chair. I think that in principle I do agree with you, Mr. Cyr, in terms of it's important that we do watch our spending and our costs here. But I think that maybe, perhaps with all these new initiatives this year, do we want to move forward and look to re-evaluate it again next year to see how these new initiatives work and, I mean, basically just keep an eye on our progress with this? Does that sound amenable?

Mr. Cyr: Good point. It's good to be able to qualify or quantify what we're doing in some way, and doing something just because we've always done it that way, especially with the fact that newspaper and radio were the main driver for most – but how many people now rely on that as their main way of getting news?

One thing I will say is that I see that our Facebook advertising is, like, \$1,000. Social media advertising: I would expect that one to be \$6,000 or whatever if you're trying to drive that sort of medium that people are at. I'm not an expert in this area, but it makes sense to me to see that one be really high and the others lower, anyway.

2:50

The Chair: If you'd like to comment.

Ms Sales: Yes. I can speak to that. Actually, what we find, though, is that your dollars often go further on social media than they do in the other areas, so you can have a lot more impact for a smaller investment, and that's what this plan reflects.

The other thing to keep in mind with the heritage fund is that it belongs to all Albertans, Albertans of every different demographic and age group. Not all people are online as yet. We still have a large population of senior citizens who have maybe not yet become quite as enamoured with the technology. We still need to try and reach those audiences, so newspaper is one way in which to do that. As far as radio goes, the advertising that we're suggesting is actually on news radio, and we do find that that does hit our demographic quite well as far as people who want to keep up to date with the

news and the goings-on in the province and that sort of thing, so I do think that those initiatives are still worthwhile initiatives. As far as the buy for print, we're running advertising in the daily papers only. We are not running advertising in the weeklies, so we have already limited our advertising within the newspapers.

But we're still trying to reach province-wide because, of course, we're reaching an online audience, so we want Albertans – all Albertans – to know that they can watch the meeting online. That being said, as we move forward, we can always adjust the plan as needed, but I do believe that the investment we have for social media should suffice.

Thank you.

The Chair: Thank you.

I just want to remind people on the phone to mute your phones, please. We're picking up a lot of static there.

Are there any other questions on the communications plan?

Okay. Would a member like to move a motion that

the Standing Committee on the Alberta Heritage Savings Trust Fund authorize the chair and deputy chair to approve a draft communications plan in support of the 2017 public meeting, on or before June 30, 2017.

Mr. Dang: I would so move.

The Chair: Moved by Mr. Dang. All in favour? Any opposed? On the phone? Thank you. That motion is carried.

Over the next few weeks we'll send out an update on information about the public meeting and arrangements.

Oh, right. Pardon me. I would also ask that somebody move a motion that

the Standing Committee on the Alberta Heritage Savings Trust Fund authorize the chair and the deputy chair to approve advertisements and all other documents required to hold the public meeting.

Moved by Mr. Horne. All in favour? Any opposed? On the phone? That motion is carried.

As I was saying, over the next few weeks we will send out updated information about the public meeting, the arrangements. Of course, as always, we as members will encourage all to participate, and I encourage all of you to participate in that meeting.

We will move on to other business. Is there any other business at this time? Mr. Cyr.

Mr. Cyr: Thank you. I'm going through the minutes from the last meeting, and I asked a few questions to AIMCo regarding Savanna Energy, regarding rig counts. I was wondering if AIMCo has gotten any further on that, on getting that information.

The second one was that there was supposed to be a joint release from the government and AIMCo or separate releases from them regarding the impacts, the before and after of the repeal of sections 5 and 6, and I'm wondering where they're at on that process.

The Chair: Okay. Were they not posted online, the answers to that? Some of the answers were, yes.

Mr. Cyr: They can correct me if I'm wrong, but the only thing that I see online is that the government corrected for the record that they had made an error in the fact that a document that I had asked for was stated to be on a website that it wasn't on. They were generous

enough to submit that for the record. Other than that, I haven't seen the other replies.

The Chair: Mrs. Rosen or Mr. Uebelein?

Mrs. Rosen: With respect to the latter question in terms of a joint release, I don't recall that specific commitment. I do believe that what we had indicated is that we were going to be discussing the process and seeing it through to its successful conclusion. I believe that the recent appointments are a good demonstration of the conclusion of the process around the repeal of those two sections and how the government's new process is working. So maybe the member could remind me: exactly what was the undertaking that we took to provide in terms of a joint news release?

Mr. Cyr: A letter to the committee, if you will. I asked . . .

Mrs. Rosen: Okay. I apologize.

Mr. Cyr: I don't have *Hansard* in front of me. I apologize.

The Chair: It wasn't in the meeting minutes.

Mr. Cyr: . . . that AIMCo provide information regarding the search processes for board members before and after the repeal of sections 5 and 6 of the AIMCo regulations . . .

Mrs. Rosen: I believe that Mr. Uebelein and I can undertake to provide that, with that clarification.

Mr. Cyr: . . . so that we can have clarity on exactly how the process itself has changed or if it's changed.

Mr. Uebelein: Sure. I think we can endeavour to do that. Apologies if we missed that.

With regard to your question on Savanna Energy that was documented in *Hansard*, page 80, we have prepared a response that I hope was submitted. I'm not exactly sure how these answers are submitted, but I see a copy of it. The rig count, just to cut to the chase, did not change in the quarters prior and after our investment. Things like rig counts have a long lead time because equipment has to be put in place, et cetera, et cetera. So we've tried to answer both the letter and the spirit of your question, and we'll make sure that you have access to it.

Mr. Cyr: I really appreciate that. Thank you very much.

That's all I have, Mr. Chair.

The Chair: Great. Mr. Uebelein and AIMCo and Treasury Board will endeavour to answer that question from last time. I do see it in the minutes. Thank you.

Is there any other business under other business?

Seeing none, the date of the next meeting will be scheduled for September, and the committee clerk will poll members for their availability shortly.

I would like to call for a motion to adjourn. Moved by Mr. Horne that the meeting of the Alberta Heritage Savings Trust Fund Committee be adjourned. All in favour? Any opposed? On the phone? That motion is carried. The meeting is adjourned.

Thank you.

[The committee adjourned at 2:59 p.m.]

