



Legislative Assembly of Alberta

The 29th Legislature
Third Session

Standing Committee
on the
Alberta Heritage Savings Trust Fund

Annual Public Meeting

Thursday, October 26, 2017
7 p.m.

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The 29th Legislature
Third Session**

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

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

Cyr, Scott J., Bonnyville-Cold Lake (UCP)
Dang, Thomas, Edmonton-South West (NDP)
Ellis, Mike, Calgary-West (UCP)
Horne, Trevor A.R., Spruce Grove-St. Albert (NDP)
Hunter, Grant R., Cardston-Taber-Warner (UCP)*
McKittrick, Annie, Sherwood Park (NDP)
Taylor, Wes, Battle River-Wainwright (UCP)
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* substitution for Wes Taylor

Ministry of Treasury Board and Finance Participants

Lowell Epp	Assistant Deputy Minister, Treasury and Risk Management
Stephen J. Thompson	Executive Director, Capital Markets

Alberta Investment Management Corporation Participants

Dale MacMaster	Chief Investment Officer
Mark Prefontaine	Senior Vice-president, Client Relations

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Standing Committee on the Alberta Heritage Savings Trust Fund

Public Participants

Leigh Bond
Randolph Dammann
Doug MacDonald
Zeny Marte
Tom Perkins
Stephen Poole
Ken Robinson
Don Rogers
Jai Scouten

7 p.m.

Thursday, October 26, 2017

[Mr. Coolahan in the chair]

The Chair: Good evening, everyone. I'd like to call the 2017 public meeting of the Alberta heritage savings trust fund to order. My name is Craig Coolahan. I'm the MLA for Calgary-Klein and chair of the Standing Committee on the Alberta Heritage Savings Trust Fund.

We are pleased to be holding this meeting in the Federal building in Edmonton, Alberta. Holding a public meeting of the Alberta heritage savings trust fund is required as per the Alberta Heritage Savings Trust Fund Act. The nonpartisan staff of the Legislative Assembly arrange and promote these public meetings, and I'd like to thank all involved for making this important meeting possible.

The Alberta heritage savings trust fund is a large part of a better Alberta for tomorrow. The fund earned a net income of \$2.3 billion for the year ended March 31, 2017. This public meeting is an opportunity for Albertans to participate in the discussion about the status of the fund, what lies ahead for 2018, how the fund will continue to provide a brighter future for our province in the years to come, and hear from the investment professionals hired to get the best possible return for the fund.

I'd now like to ask members of the standing committee to introduce themselves, starting to my right.

Mrs. Schreiner: My name is Kim Schreiner, the MLA for Red Deer-North and deputy chair of the committee.

Mr. Dang: Good evening. I'm Thomas Dang, the MLA for Edmonton-South West.

Mr. Hunter: My name is Grant Hunter. I'm the MLA for Cardston-Taber-Warner.

Dr. Turner: Good evening. I'm Bob Turner, the MLA for Edmonton-Whitemud.

Mr. MacMaster: Dale MacMaster. I'm with AIMCo.

Mr. Prefontaine: Mark Prefontaine with AIMCo.

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

Mr. Epp: Lowell Epp with Treasury Board and Finance.

Ms McKittrick: Bonsoir. Annie McKittrick, MLA for Sherwood Park.

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

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

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

The Chair: Thank you.

For the record Mr. Hunter is substituting for Mr. Taylor.

The Standing Committee on the Alberta Heritage Savings Trust Fund's mandate is to review and approve the performance of the fund and report back to the Legislative Assembly and Albertans. The President of the Treasury Board and Minister of Finance is ultimately responsible for the fund and its investments. The department looks after setting the fund's long-term strategy, developing its investment policies, and monitoring the performance of its investments.

Joining us on the panel from Alberta Treasury Board and Finance are Mr. Lowell Epp, assistant deputy minister, treasury and risk management, and Mr. Stephen Thompson, executive director, capital markets. The Alberta Investment Management Corporation, or AIMCo, is responsible for making and managing investments in stocks and bonds and other investment instruments within the fund's portfolio.

Joining us from AIMCo are Mr. Dale MacMaster, the chief investment officer, and Mr. Mark Prefontaine, senior vice-president, client relations.

I'm happy to remind everyone that tonight's meeting is being broadcast live on Shaw TV and streamed in both audio and video formats on the Legislative Assembly website, which is at assembly.ab.ca. I'd like to encourage everyone to join the conversation and contribute to our discussions during the live broadcast. You can submit your questions via e-mail at committees@assembly.ab.ca or through the Legislative Assembly of Alberta social media on Facebook, Twitter, and Instagram using [#abheritagefund](https://www.facebook.com/abheritagefund). The contact information is found on the bottom of your screen. We will endeavour to respond to as many questions as time will allow during the question-and-answer segment of the meeting, which will immediately follow our panel presentation. Your input is important to us, and I encourage you to participate.

Please note that this meeting is being recorded by *Alberta Hansard*, and transcripts from this meeting will be available online on the Assembly website in due course.

By the end of this meeting we will have walked you through the history, mission, long-term performance, and future of the Alberta heritage savings trust fund.

With that, let's take a look at the video on the Alberta heritage savings trust fund, followed by a presentation by Alberta Treasury Board and Finance.

[A video was shown from 7:04 p.m. to 7:07 p.m.]

The Chair: Great. That's a brand new video for this year, so I hope you enjoyed it.

Now I'd like to invite Mr. Epp and Mr. Thompson with Alberta Treasury Board and Finance to present a financial update on the heritage fund. Gentlemen.

Mr. Epp: Thank you, Mr. Chair and members of the committee. I'm certainly pleased to be here tonight, but before I begin, I wanted to let you know that Minister Ceci is unable to make it tonight and sends his regrets.

To start, I want to talk about the investment philosophy for the fund. The heritage fund was established, as the video said, in 1976, and its mandate was set in the mid-90s, when legislative change occurred. That mandate is set out in the Alberta Heritage Savings Trust Fund Act. The legislated mandate of the fund is to maximize long-term financial returns subject to an acceptable level of risk. Based on this objective, the fund is invested with a long-term focus in a globally diversified portfolio. This approach allows the fund to reduce risk while at the same time earning higher returns.

The heritage fund is invested in an efficient manner through its investment manager, the Alberta Investment Management Corporation. AIMCo has over \$90 billion under management, and this size allows economies of scale and helps minimize investment management costs. This scale also provides opportunities to AIMCo's clients that they may not otherwise be able to have to participate in investment transactions such as private equity and private infrastructure transactions that are large and certainly beneficial but not available to smaller funds.

If you are curious, the investment policy of the heritage fund or the statement of investment policy and goals can be found on the heritage fund's website at www.albertaheritagefund.com. The investment policy establishes a target asset allocation for the fund. As you can see on the slide, the broadest level of the fund has a target allocation of 50 per cent to equities, 30 per cent to inflation-sensitive and alternative investments, and 20 per cent to fixed income.

7:10

Within those allocations the investment manager has latitude to make investment decisions based on current information and their views that may change the balance of the portfolio. The policy portfolio can be seen as one expression of the fund's risk tolerance.

The largest allocation in the fund is to equities, which includes shares of both domestic companies and global companies. It also includes private and public equities. Equities form the largest part of the portfolio because they can be expected over the long run to provide the highest returns. Equities also, of course, have higher risk, but over the long term the fund should be rewarded for taking that risk in the form of higher returns.

Inflation-sensitive and alternative investments are intended to provide a combination of investment returns and protection against inflation. Examples of these investments include real estate and infrastructure investments, whose revenues and values can be expected to rise with inflation. They have lower risk and pay somewhat lower returns over the long term but bring stability to the portfolio.

Finally, fixed income investments include bonds and debts of governments and companies within the economy. This segment of the portfolio provides stability and has the lowest risk within the portfolio.

As we move along, as we see on the slide that just came up, the asset allocation as of the end of the last fiscal year was 47 per cent to equities, 34 per cent to inflation-sensitive and alternative investments, and 18 per cent to fixed income. There's also a 1 per cent allocation to strategic opportunities. This special asset class allows AIMCo to find opportunities that don't easily fit into one of the three other buckets. They are opportunities that try to achieve high levels of return at low levels of risk.

Since the fund's creation in 1976 over \$41.4 billion in investment earnings has been returned to government to help build capital projects and to help with annual budgets. In addition to the \$41.4 billion in investment earnings, two important endowment funds, the Alberta Heritage Foundation for Medical Research endowment fund and the Alberta heritage scholarship fund, were created with money from the heritage fund. Income generated by the fund has been an important part of the government's budget for a number of years. That income earned by the fund's assets has helped support programs, services, and infrastructure or, depending on how you look at it, competitively low taxes.

As previously mentioned, the heritage fund is invested to maximize returns over the long term. Over the past five years the heritage fund has been very successful and has produced an average annual return of 11 per cent. Over the last 10 years the fund has earned a very respectable rate of return of 6.8 per cent, which, by the way, includes the financial markets crisis of 2008-09, a period during which the heritage fund's returns were negative. Despite that negative return a 6.8 per cent return over 10 years.

We measure the performance of the heritage fund in two ways, focusing, again, on long-term investment returns more so than one-year returns or short-term returns. The first investment return goal for the fund is to earn a rate of return that exceeds inflation by 4 and a half per cent over a five-year period. Another way of saying that:

we want the fund to earn a real return, a return above inflation, of 4 and a half per cent. Over the last five years inflation was 1.4 per cent, so our target return over this period was 5.9 per cent. Again, the actual return of 11 per cent clearly exceeds this target.

The 10-year average annual return also meets the target. Inflation averaged 1.6 per cent annually over the last 10 years, making our target 6.1 per cent over 10 years. The fund's actual return of 6.8 per cent over this time exceeded our inflation plus 4 and a half per cent goal, again despite the bad year experienced in 2008-09.

A second goal for the heritage fund is that active management of investments should add 1 per cent to the returns of the fund. Looking at the graph, you can see how the heritage fund has performed versus its passive benchmark. Over the last five years it has exceeded the passive benchmark by .9 per cent, and over the last 10 years it has exceeded this benchmark by .4 per cent. Therefore, while the heritage fund has beaten its investment benchmark over the past five- and 10-year periods, the goal to beat the benchmark by 1 per cent has not been met.

Even though the primary focus of the fund is to deliver long-term results, short-term results are also important. During the fiscal year ending March 31, 2017, the heritage fund earned gross income of just over \$2.4 billion. After investment expenses of \$134 million, net income for the fund was about \$2.3 billion for the last fiscal year. The strongest contributor to the income was the equity segment of the fund, which generated \$1.6 billion in gross income, as you can see on the chart. The inflation-sensitive and alternatives delivered \$636 million. Fixed income delivered \$226 million.

By legislation a portion of the heritage fund earnings are retained in the fund to protect against inflation. This year \$182 million of the fund's earnings were retained in the fund to protect the fund's value against inflation. The remaining \$2.2 billion or thereabouts in net income was transferred to the government's general revenue fund to fund government programs and services.

In terms of market value performance the fund, as we mentioned – or pardon me; we didn't mention – earned a return of 10.7 per cent. One of the things we do is measure year-by-year performance using a passive benchmark, how the fund would have done if it had been invested without the active management of AIMCo. This past year the passive benchmark earned a return of 10.1 per cent, which means that active management had a performance of, or added, .6 per cent to the overall return. One thing about active management is that some years it's going to be good, and other years it will be less good, like any other investment return, so we, again, view this over the long term.

You can see from the chart the performance of various segments of the fund against their benchmarks. Again, in most categories the investment performance exceeded the benchmark. There are a couple where it was below the benchmark, but again this is to be expected as things vary from year to year.

The final thing I'll talk about is the Alberta growth mandate. Following Budget 2015 the government introduced a 3 per cent allocation of the heritage fund to what we call the Alberta growth mandate. So far AIMCo has invested just over \$217 million in this mandate in 20 different deals and in 14 different companies. This allocation is intended to encourage economic growth and diversification in Alberta. However, it is important to note that these investments in Alberta growth opportunities will be subject to the same legislative objective of maximizing the fund's long-term investment returns at an acceptable level of risk. In other words, these investments are chosen primarily for their investment value, not because they are in Alberta.

So far, as you can see on the slide, we've had 25 deals in 18 different companies for a total investment of \$345 million. Two of the deals have been exited. TransAlta Renewables, one of the first

if not the first investment under this mandate, was sold for about a 60 per cent gain, and Savanna Energy was taken over by Total, and the fund earned an annualized rate of return of about 23 per cent on that investment.

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

The Chair: Thank you, Mr. Epp.

Before I open the floor to your questions, I would like to remind everyone that you are welcome to join the conversation and submit your questions to the committee or our panel of experts. Once again, you can submit your questions via e-mail at committees@assembly.ab.ca or through the Legislative Assembly of Alberta social media – Facebook, Twitter, or Instagram – using #abheritagefund. As mentioned, your comments are very important to us, and we will attempt to answer as many questions as possible during the meeting.

7:20

I will now open the floor to questions from our in-house audience. Please be sure to state your name for the record before you begin speaking. We do have a full house here this evening, so I'm hoping for many, many questions. We also have people in the overflow, so don't be shy. Please make your way to the microphone.

Mr. Perkins: Tom Perkins, Edmonton-Rutherford. My question. You say that you invested in real estate. Is that just in Alberta? What kind of real estate?

Mr. MacMaster: At AIMCo we manage \$100 billion in total under management, and there is roughly \$12 billion invested in real estate. About 80 per cent of that is invested across Canada, and the balance is invested in the foreign real estate side of things. It's not just in Alberta, and it's diversified across various types of real estate as well, everything from office to residential to industrial. It's well diversified.

The Chair: Anyone else from the floor? Wonderful.

Mr. Bond: Leigh Bond, St. Albert. I'm just looking at your calculations on your card here. You say that you earned \$2.4 billion on \$17.6 billion. To me, that's 13.1 per cent, not 11 per cent, just looking at the math. I mean, I'm not complaining. I'm just wondering about the math.

The Chair: No. It's a very good rate of return. Who's responsible for the math?

Mr. Epp: There are two ways of calculating returns. That's a great question, by the way, and it's not obvious. The 10.7 per cent return is based on a market value calculation. If we treated everything in terms of market values at the start and the end of the year, that's what we would have earned.

For accounting purposes we actually treat realized gains differently than unrealized gains. In the last year, due to a number of transactions, we realized a lot of gains on the fund for accounting purposes. Some of those returns, if you will, had been earned in previous years but were realized in the current year. When markets tend to go up over time, as they have over the better part of the last eight to 10 years, you have a number of unrealized gains in your portfolio, and as you sell them, you will realize those gains, so your actual income will exceed your market value rate of return.

If we go into a cycle – and hopefully we won't; knock wood and all that – where we have flat or downward returns, you would actually see the opposite effect, where you might have lower income than what it looks like calculating on a pure return basis.

Fundamentally, it's the difference between calculating market value based returns and accounting income.

The Chair: Great. Thank you. Fantastic. Putting our experts to the test already. Fantastic.

Any other questions from the audience at this time?

Mrs. Marte: My name is Zeny Marte, Edmonton. You mentioned that you invested in a health care education social program. When you invest in health care, as we know, really there is no revenue that's coming. It's all expense. Also, social programs are also expenses. Education is also an expense. So how are we going to get the money back for that? Like I said, we know it's all provided by government. I just thought: like, if you invested, how do you make money on that?

Mr. Epp: I think what you're referring to is that the income that the fund has generated has been paid to the government into the general revenue fund and spent on things like health care, education, and social services. The heritage fund itself is not investing in those things. The money that it earns is being used to pay in part or pay for those things. Formally it's not being invested in those items, but the income it earns is being spent in those areas.

The Chair: I believe from the video and from what I read that over the term of the heritage savings trust fund there's been about \$40 billion invested since the beginning. Am I correct, Mr. Epp?

Mr. Epp: About \$41 billion has been returned from the fund back to the general revenue fund. Again, depending on how you look at it, it's lowered taxes or it's helped increase spending.

The Chair: Right.

Mr. Epp: Two sides of the same coin in many ways.

The Chair: All right. Thank you.

Thank you for your question.

Any other questions at this time?

Mr. MacDonald: Hi. Doug MacDonald, Edmonton. My question. You give out this little brochure, and it doesn't really tell you much. I'm just wondering if you run it like a mutual fund, where you have a prospectus that everyone can look at as to what exactly is inside the fund, because this doesn't really tell you much.

The Chair: Okay. I'll answer that. Feel free to chime in. On the website which is available, all the quarterly reports are posted there. So it does give you an idea of what's being invested, how the returns are, what the returns are and such. I think that's what you're after. The annual report is the largest such report.

Mr. MacDonald: And is that published?

The Chair: It is, yeah, absolutely. All public information, of course.

Mr. MacDonald: Okay. Thanks.

The Chair: Okay. I'm not seeing any questions from the audience at this point. We're going to go to some online questions here. What do we have there, Mrs. Schreiner?

Mrs. Schreiner: Thank you, Mr. Chair. Our first question comes via e-mail from Mr. Rory Koopmans of Edmonton, and Mr. Koopmans is asking:

What exactly are the safeguards in place to protect the Heritage Fund from . . . Prime Minister Justin Trudeau . . . & Finance

Minister Billy Morneau . . . And can these safeguards be improved to ensure that the cash from the fund goes exclusively to whom it was meant for, [and that would be] Albertans only!

The Chair: How would Treasury Board like to answer that?

Mr. Epp: By passing it back to you.

The Chair: Thank you. I have the best seat right now.

Mr. Epp: The fundamental safeguard is that it is owned by Her Majesty the Queen in right of Alberta. It is not owned by the federal government. Legally for them to take it would be theft, if you will. There is no legislative means that I am aware of that would allow the federal government to take the fund or take the income of the fund. The income of the fund is deposited directly into the general revenue fund, and the ownership of the assets is clearly in the name of Alberta.

The Chair: I would agree.

I'll ask if there are any questions in the audience. Anyone in the outside overflow? No?

Do we have a question online, Mrs. Schreiner?

Mrs. Schreiner: Yes, Mr. Chair. This second question comes as well via e-mail from Mr. Duncan Kinney. Mr. Kinney asks:

In AIMCo's latest annual report the annualized net returns and the calendar year net returns for the Life Settlement Holding (LSH) Pool were aggregated under the Global Equity asset class. Given past issues with the valuation of these assets . . . I am interested in knowing the specific rate of return . . . for the LSH Pool and if there have been any additional issues with valuation of these assets. In addition, since the inception of the LSH pool what has been the rate of return?

7:30

The Chair: AIMCo, do you want to . . .

Mr. MacMaster: Sure.

The Chair: Thank you.

Mr. MacMaster: I don't have the annual report with me. I don't have that broken out, the actual return. But I would say that there are no issues with the valuations on life settlements. We adjusted the life settlements' valuations back in 2014, I believe, and there was an adjustment taken then, and there have been no issues since. If the questioner would like to get more specific information, they can get in touch with us directly to get those returns over what period they choose to as well. We'd be happy to respond to that.

The Chair: Thank you, Mr. MacMaster.

We have a question from someone in the overflow making their way in here.

Mr. Scouten: Hello.

The Chair: Hello.

Mr. Scouten: My name is Jai. What about jobs?

The Chair: Can you state your full name, sir?

Mr. Scouten: Jai Scouten.

The Chair: Thank you.

Mr. Scouten: I cannot get into an apprenticeship as I do not know anyone in the union. I cannot get into college or university as I need

to upgrade. I cannot upgrade, have no money. Foreigners and immigrants, refugees: they can get courses, but I can't. Why is that? Anything to be put for that?

The Chair: There has been an education portion that has been part of the fund. Is there anything specific, Treasury Board, on that side?

Mr. Epp: There are no specific programs in the heritage fund for that.

Mr. Scouten: But something maybe towards that?

The Chair: The short answer is no. I guess the longer answer is: we can always look into making these types of things available. There are many programs right now that aren't really involved in the heritage fund, but there are many programs available for upgrading education.

Mr. Scouten: I went to Alberta Works. They turned me down. Everywhere I'm turned down.

The Chair: I'd like to have a conversation with you outside of this because this is not necessarily the right forum for this topic right now.

Mr. Scouten: Thank you.

The Chair: But thank you for your question.

Mr. Dammann: Hello. My name is Randolph Dammann from Edmonton.

The Chair: Hello.

Mr. Dammann: My question is about AIMCo. Would you be able to explain the individuals and their expertise that are part of the AIMCo group that does the investments? Do you have an idea of what they have for expertise?

Mr. Prefontaine: I'll respond to that, Mr. Chair . . .

The Chair: Sure.

Mr. Prefontaine: . . . and then I'll allow Mr. MacMaster to add anything further to the response.

At AIMCo we have just in excess of 400 professionals, cutting across a number of different areas, including our portfolio managers. There is a preponderance of chartered financial analysts, CFA charter holders – that is a pre-eminent designation in our industry demonstrating not only a commitment to a high degree of professionalism but also a great deal of expertise in a number of different areas related to our industry – supported by a tremendous team of experts in their respective areas, whether that be in our finance area and our individuals with their accounting designations, people in our business technology area with specializations in the requisite infrastructure that we need, our HR group, and, certainly, our client relations group. Right across the organization we've got experts in every field that we need them.

When it comes to the actual investment management group, the portfolio managers on top of the chartered financial analysts, a number of different levels of expertise are required. I'll ask our CIO to expand on that particular aspect.

Mr. MacMaster: We have about 150 investment professionals, as Mark pointed out, a number of them with CFA designations. I think that one of our strengths and the reason for our long-term success is that leading the asset classes within the investment department

are people who have been with AIMCo for many, many years. I've been with the company for 19 years. My head of fixed income has been with the team for virtually the same amount of time. Within each asset class the team leaders have been with the company for a long time, so we understand our clients. We understand the objectives of the heritage fund and have been able to build out solid teams with a strategy within each asset class that has a long-term, you know, performance and development. I think that's really been the key to the success. It's a great team.

Mr. Dammann: Thank you. I appreciate all that background information.

The Chair: Okay. Thank you for your question.

Any other questions from the audience at this time? Go ahead, ma'am.

Mrs. Marte: Again Zeny Marte, Edmonton. I'm just wondering. Like, the \$17.5 billion: is it all invested, or is it sitting in a bank? Is it all, like, spread everywhere? I looked at the book. I didn't see if it's how much we have in total that's sitting in an account. Or is it that you spread it everywhere?

Mr. Epp: It's all invested.

Mrs. Marte: So we don't really have any, like, guarantee. It's sitting. Like, we just say: this is the income; this is our money; we invested it.

Mr. Epp: Yes. Even if it was in a bank, it wouldn't be guaranteed because the size of the fund is beyond any guarantee that a bank could provide or would provide. It's invested. It's invested in a wide range of companies, real estate, infrastructure, bonds and other fixed-income securities. It's as diversified a fund as you can get. The best way to manage risk is through diversification. It's also invested for the long run. Yes, in some years we have lost money on it, but over the long run it has earned a lot more than it has ever lost, by far.

Mrs. Marte: How do you get all the totals, like 2.3? How do you collect those? Is that from all the investments? They give it to you?

Mr. Epp: Yes.

Mrs. Marte: Okay.

The Chair: Thank you.

Okay. Let's have a question from online media here. Mrs. Schreiner.

Mrs. Schreiner: Thank you, Mr. Chair. This question comes in via e-mail from Fraser Calderwood. Mr. Calderwood says:

I think a big topic on everybody's mind is the current administration in the United States. Does the political uncertainty that a government like that creates in the United States have any impact on the investments that AIMCo makes in the stock market?

Mr. MacMaster: Sure. Great question. Obviously, what happens in the U.S. has a big impact on Canada. Certainly, the new administration in the U.S., that arrived last November, has received a lot of attention in the marketplace, and I think there was a lot of uncertainty as to what would come with that. Initially we saw quite a big rally in equities in the hope that, you know, much of Mr. Trump's platform would be initiated. It hasn't quite happened. Nevertheless, the market's focus has turned away from Trump and the administration in the U.S. and is focused on economic

fundamentals, which it should. By that measure things are going pretty well. Growth around the world is picking up, including in Canada and the U.S., inflation remains low, and as you can see, equity markets continue to make new highs day after day. So it's been a pretty good investing environment despite what you may think about the U.S. administration.

The Chair: Thank you.

Any questions from the audience? Go ahead.

Mr. Rogers: Don Rogers from St. Albert. It's a very impressive, you know, gain that you've made this year, and we're still sitting with \$17 billion. What I am wondering is: at what point do you decide that maybe some of that principal could also be used and spent? I'm just curious why – maybe \$15 billion sitting as a base would be just as useful on a long-term basis as \$17 billion. At this point, I suppose, I'm just wondering if that base will ever get spent. Or is it just a number that just sits there?

Thank you.

7:40

The Chair: Mr. Rogers, to clarify your question there, because we had the discussion earlier that money does go into general revenue, what are you saying specifically? You have a specific use for the money in mind?

Mr. Rogers: No. I listen to all of the social programs, educational programs, health care programs. I'm just wondering at what point you would ever consider spending a little bit of that base, \$17 billion, as opposed to just having that supposedly sitting there not being touched.

The Chair: I'll let Treasury Board and Finance answer that, please.

Mr. Epp: Right now the legislation, the Alberta Heritage Savings Trust Fund Act, does not contemplate any mechanism for withdrawing the capital of the fund. The Legislative Assembly could always change the act, but at this point in time there is no mechanism to remove the capital of the fund.

Mr. Rogers: Thank you.

The Chair: Thank you for the question.

Any other questions in the audience?

Okay. We'll go back to social media, then. Mrs. Schreiner.

Mrs. Schreiner: Thank you, Mr. Chair. This next question comes via e-mail as well from Evan Bedford. Mr. Bedford asks, "So, what I would like to know is how you intend to get the fund up to \$170 billion. Or \$1.7 trillion."

The Chair: I'd also like to know this. You, too?

Who would like to have a crack at that?

Mr. Epp: At this point in time the government's fiscal plan and the fiscal situation in the province really don't allow for building the fund. In order to build the fund to that size, we would need to run significant budgetary surpluses. That means, at this point in time, much higher taxes or much lower spending or some combination of the two. If we were so lucky – and I'm not sure this is lucky. But if it were that oil prices were to rise significantly, that would certainly help the budget situation. Essentially, we would need to be running large surpluses to start to be contributing to the fund again.

The Chair: Good question. Thanks for the answer.

Any questions in the audience?

How's our social media cache of questions?

Mrs. Schreiner: Pretty good. We have a few.

The Chair: Go ahead, Mrs. Schreiner.

Mrs. Schreiner: Thank you, Mr. Chair. This question comes via e-mail from Heather K. Ms K. asks, “Would Albertans be better served if the \$17 billion in the fund was used to pay down Alberta’s debt, or is the rate of return earned by the fund enough to justify its continuation?”

The Chair: That’s a good question, one I’ve had asked of me, too.

Mr. Epp: It’s a great question. Over the last 10 years the fund has earned a return of roughly just over 6 per cent, 6.4 per cent, if I remember correctly. Right now we are borrowing money, and the interest rate on that debt is averaging somewhere in the 2 and a half to 3 per cent range. Pulling the money out of the heritage fund: we could certainly do that and pay down debt, but right now the fund is earning a return that is higher than the cost of interest on our debt.

The Chair: That’s a good justification.

Okay. Questions from the audience? Anyone in the overflow?

Okay. I think we still have some more social media questions, don’t we?

Mrs. Schreiner: We do. Thank you, Mr. Chair. This next question comes via Twitter from Mr. Marcus Penquill. Mr. Penquill asks, “Please explain how much goes into the general revenue from the fund and how is this determined?”

Mr. Epp: Last year approximately \$2.2 billion went into the general revenue fund. The way that this is calculated is by taking the accounting earnings of the fund and subtracting an amount equal to the rate of inflation times the amount in the fund to inflation-protect the fund so the real value of the heritage fund always remains the same or approximately thereto. It’s a pretty simple formula. Take the accounting income, which last year was \$2.3 billion. We kept a little over \$100 million in the fund, with a net \$2.2 billion paid to the general revenue fund.

The Chair: Thank you.

Another one, Mrs. Schreiner?

Mrs. Schreiner: Thank you, Mr. Chair. This next question comes in via Twitter from Albertarocks @AlbertarocksTA. “Is there anybody managing the fund who actually realizes the importance of holding gold?”

The Chair: Is there?

Mr. MacMaster: No is the short answer. I guess we don’t hold gold as a physical commodity, nor do we hold any physical commodities as an investment although we do have exposure to gold through our holdings in the equity portfolio primarily and primarily from our Canadian holdings, the materials sector, which is where gold lives, and the exchange is quite large in Canada. We would have the exposure there. The answer is that we do hold gold indirectly through exploration companies but don’t hold gold as a physical commodity.

The Chair: Thank you.

Well, we’re getting a lot of questions. I’ll ask, though, one more time before we move on to another social media question.

Seeing none, Mrs. Schreiner.

Mrs. Schreiner: Thank you, Mr. Chair. This next question comes in via e-mail from Mr. Burton Muhia from Edmonton. “While the

goal is to maximize return, during such a down turn, what’s the . . . rationale in not strengthening the investments into Alberta business?”

The Chair: I guess we could go to both sides on this one. Would you like to start, Mr. MacMaster?

Mr. MacMaster: Yeah. Sure. Well, let’s talk about the downturn first of all. Alberta, I think, has had a little bit of a downturn, but the rest of the world is picking up, and actually Alberta has picked up a little from 2014 as well. That’s reflected in the markets, right? Asset prices are all quite robust, the stock market is making new highs, and it’s reflecting the good economic environment, so it’s been a good time to invest.

In terms of investing in Alberta, out of the \$100 billion that AIMCo manages for all of its clients, we have just under \$10 billion, some \$9 billion, invested in Alberta, and the heritage fund has \$1.7 billion, I believe, in Alberta investments as well. If you looked on a global basis, that’s a relatively high weight to have in Alberta, but Alberta has been a terrific place to invest for many, many years as it’s led Canada in terms of growth, in terms of jobs. It’s had a well-educated workforce and a very attractive political environment for business and capital spending up until this recent little downturn, which, I guess, shouldn’t be unexpected when it comes to energy.

Mr. Prefontaine: I’ll maybe just supplement Mr. MacMaster’s response. During this downturn – and I believe statistics were provided in Mr. Epp’s presentation about the Alberta growth mandate and how since the establishment of that mandate we’ve invested close to \$350 million into Alberta. Well, that’s just for the heritage savings trust fund. In order to get to that level of investment in Alberta for the heritage savings trust fund, that’s translated into close to \$1.6 billion on behalf of all of our clients on behalf of which AIMCo manages their assets. We’ve demonstrated, historically and during this period of time, a substantial commitment and confidence in Alberta.

I would further add that if you look at, for instance, the TransAlta Renewables asset that was both purchased during this recent period of time and also just recently sold, what that demonstrates is a high degree of confidence shown by others. We certainly saw value for our clients in selling that particular asset, but a purchaser saw value in investing into Alberta. Both through what we’re doing at AIMCo as well as what the rest of the capital markets are doing, there is substantial investment still in the province.

7:50

The Chair: There certainly has been some significant investment from the fund in Alberta and some quick significant return as well on some of that. That’s great. Thank you.

We have a question from the audience.

Sorry. Go ahead, Mr. Epp.

Mr. Epp: If I could respond.

The Chair: Sure.

Mr. Epp: The Legislative Assembly has decided that the heritage fund will be invested to maximize long-term earnings, essentially maximized for investment purposes only and not for economic development. That is not to say that the government has no economic development investments that are being made. One example would be the Alberta Enterprise Corporation, which has invested \$175 million or thereabouts in various venture capital funds that are active in Alberta. The Department of Economic

Development and Trade has made investments and instituted tax credits and some other mechanisms. So while the heritage fund itself is not being used for this purpose, certainly there are other programs and departments within the government that are focused on making investments in Alberta and diversifying the economy.

The Chair: Great. Thank you.

Now we'll take our audience question.

Mr. Dammann: Randolph Dammann again, from Edmonton. A question through the chair to Mr. Epp. Just wondering if you're familiar with the Norway fund. How is their fund similar to or different than ours? Knowing that generally the Norway fund, it feels like, gets exponential returns, that suggests to me there's a difference in the modus operandi of the two funds.

Mr. Epp: Certainly, there are a lot of differences and a few similarities. Norway has offshore oil, and about 95 per cent of their offshore oil revenues get deposited in their fund. That is my understanding. So that's similar. The history: Alberta originally deposited 30 per cent of its nonrenewable natural resource revenues into the fund. That's a similarity. Their fund, I believe, has recently eclipsed the value of 1 trillion U.S. dollars.

There are certainly a number of differences between Norway's fund and Alberta's fund. First of all, Norway is a country, and Alberta is a province. It is difficult within a federation for one jurisdiction to build a large fund when the rest of the country doesn't have a similar fund. One could argue that the national energy program was, at least in part, instituted because of Alberta's riches and its investment in the heritage fund way back in the '80s. That would be one difference.

Clearly, a second difference is that their oil is under tidewater, so it's easy to move it to markets. It's also light sweet crude. Right now Alberta's oil, our primary and most valuable resource, the bitumen in the oil sands – that's where most of our production is coming from – is largely landlocked, and it is not light sweet crude. It is subject to a substantial differential. Where Norway's oil is earning Brent prices, which are slightly higher than the North American prices, or WTI, we're only earning WTI less whatever differential is being paid.

Another difference between Norway and Alberta is that they have a 23 per cent sales tax and very high income taxes. Now, you could argue that Alberta could have those, too, but historically, if we would have had very high tax rates, we wouldn't have received the global investment into our energy industry, at least in my opinion – some may disagree – and we would not have received the same level of investment into our energy industry that we did. We had to compete with Texas and other similar jurisdictions for capital, not for market share but in terms of where to sell our oil and in terms of where people were going to invest, so that required a different response.

Finally, I would say that Alberta is in a different stage of evolution than Norway. Norway is a mature country in many ways. Alberta is still only 112 years old, so it's in many ways still developing. Happy to go on and on, but, yes, there are similarities. I would say that Alberta made different choices than Norway. Whether those choices were right or wrong, that's a matter of opinion.

Mr. Dammann: Thank you for that information.

The Chair: Thank you for the question and the answer. That seems to be the number one comparison. It's obvious.

Could you just elaborate? The nonrenewable resource that we were putting into our fund at 30 per cent: when did that end?

Mr. Epp: If I remember correctly – and this is in the annual report – from 1976 to 1982 we put 30 per cent of the nonrenewable natural resources into the fund. Starting in 1982, we put 15 per cent of resource revenues into the fund, and that lasted until 1987. The government of the day decided to stop all transfers, regular transfers, into the fund. Some irregular deposits were made, if you want to call it that. Nonscheduled deposits were made into the fund during the last decade, when natural gas revenues were very high. I believe about \$3 billion went into the fund.

The Chair: Great. Thank you.

We have another audience question.

Mr. Poole: Good evening. Stephen Poole from Edmonton. I think I recall noting a small loss in the strategic opportunities category. Can AIMCo comment on that and comment on their approach to strategic opportunities going forward?

Mr. MacMaster: The strategic opportunities pool is really a legacy pool of investments that were made a number of years ago that are in, essentially, runoff mode. We don't plan on putting any additional investments in that pool.

Mr. Poole: Thank you.

Mr. MacMaster: You're welcome.

The Chair: Thank you.

Okay. Let's move to social media. Mrs. Schreiner.

Mrs. Schreiner: Thank you, Mr. Chair. This next question comes in via e-mail from Mr. John Ivan Kalan. Mr. Kalan asks: "How much is put in the fund yearly?"

Mr. Epp: Deposited into the fund? There is no formal deposit into the fund at this point in time. The heritage fund earns income on its investments every year, and of that income, an amount equal to the loss in real value of the fund or the inflation-protected value of the fund is retained in the fund. The remainder of the earnings are paid into the general revenue fund.

The Chair: Thank you.

Let's continue with one more here.

Mrs. Schreiner: Thank you, Mr. Chair. This next question comes in via e-mail from Nadine Johnson. Ms Johnson asks: "After taking into account inflation, is the fund being allowed to grow in real terms?"

Mr. Epp: No, it is not. All income is being taken out and deposited in the general revenue fund. It only maintains its real value.

The Chair: Do we have a member from the audience with a question?

Anyone from in here, in the Rocky Mountain Room?

All right. How are we for social media questions?

Mrs. Schreiner: We have a couple of them.

The Chair: Okay. Please.

Mrs. Schreiner: Thank you, Mr. Chair. This next question comes in via e-mail from Heather K. Ms K. asks: "The fund continues to grow because of the strong return on investment, but when last was money actually deposited into the fund?"

8:00

Mr. Epp: The last deposit into the fund other than retaining income for inflation-proofing was in 2007-08. This is in the annual report; \$918 million was deposited in 2007-08.

The Chair: Thank you.

I will ask again for audience questions.

Seeing none, we'll go back to social media.

Mrs. Schreiner: Thank you, Mr. Chair. This next question comes in via e-mail from Jo-Ann. Jo-Ann asks:

Did I understand that a certain amount of the fund or the fund's income goes to the Government for Govt. spending – if so how much? Is it a certain % each year? How is this regulated and who is authorized to do this – each year?

Mr. Epp: All income of the fund except for the amount equal to protect the fund against inflation is transferred into the general revenue fund. The authority or the law that guides that is the Alberta Heritage Savings Trust Fund Act, which requires the inflation-proofing and requires the rest of the income to be transferred into the general revenue fund of the government.

The Chair: Thank you.

I will ask again: any questions in the audience?

Okay. We're going to move to the committee for questions. Any questions? Mr. Hunter.

Mr. Hunter: Thank you, Mr. Chair. I have one question. The Alberta growth mandate was in October of 2017, I believe.

Mr. Epp: In 2015.

Mr. Hunter: Okay, and 3 per cent of the heritage trust fund was to go to projects here in Alberta.

Mr. Epp: Yeah. Up to 3 per cent.

Mr. Hunter: Up to 3 per cent. Now, do you believe that that has to be mandated? If there were good investments here in Alberta, you could invest 6 per cent, 10 per cent, but do you think that it has to be mandated in order for us to be investing in Alberta?

Mr. Epp: Well, it really doesn't matter if I think so. That's a choice of the President of Treasury Board and Minister of Finance. He changed the investment policy to say that. But I would point out that historically approximately 8 per cent or more of the heritage fund has been invested in Alberta companies, real estate and other investments. The 3 per cent was intended to be above and beyond the regular amount, but again it didn't change the mandate of the fund to seek out commercially viable investments. Clearly, the fund and the fund's managers have found lots of opportunities in Alberta as 8 per cent of the fund or more historically has been invested in Alberta.

Mr. Hunter: Could I follow up? From your answer you'd say that it doesn't have to be mandated. We already have good investments here.

Mr. Epp: We certainly have good investments in Alberta. As Dale said earlier, the Alberta economy outperformed the rest of Canada for much of the last 20 years, and substantial value has been created for investors, not just Canadian investors but global investors, in Alberta projects. So absolutely. That's why the heritage fund and AIMCo have placed investments in Alberta.

The Chair: Thank you. Part of that growth mandate was to create jobs in the province as well.

Dr. Turner, you had a question?

Dr. Turner: Yes. Thank you, Chair. I actually want to thank the audience very much. This is the best turnout that I can recall, and this is my third annual meeting. The questions have been really good tonight.

I'm actually going to ask a question that came to me via e-mail from a constituent that I met last Saturday. This constituent is actually a CFA herself, and she has three questions that I'd like to ask of the AIMCo management.

Before I do that, I want to amplify the point that maybe didn't get put across. AIMCo manages not only the Alberta heritage trust fund but also several tens of billions of dollars of investments that protect our pensions. These are pensions for teachers and for nurses and for other people that are paid from the public purse. This is very, very important to all Albertans, particularly seniors who are dependent upon the income that comes from their pensions. I really want to congratulate AIMCo. From what I've seen, they're getting record returns, and their plans for the future are really excellent. I think we can be reassured that our pensions and the Alberta heritage trust fund are in good hands.

Going back to my constituent's questions, how are environmental, social, and governance risks to investment performance identified and tracked, and what key indicators are used to ensure these risks are captured?

Mr. Prefontaine: If I may, Dale, I'll jump in and then give you an opportunity to respond as well. First, Dr. Turner, I want to thank you for your comments. We at AIMCo certainly view it as an honour and privilege to be managing these assets on behalf of pensioners and, really, all Albertans. Thank you for recognizing that.

One of the things that we're quite proud of is our track record regarding environmental, social, and governance issues related to investment management, often referred to, both internally to AIMCo as well as within our industry, as responsible investing. It's something that we weave into our investment decision-making process on a regular basis. Depending on the particular asset class that we're considering, there are a number of different factors that I'm sure Dale can speak to in some detail, but it's something that we take very seriously and apply regularly to our process.

Mr. MacMaster: Well, I would just add that if you want to hand me one of those annual reports, we actually brought our responsible investing report with us tonight. We have several copies if the audience would like to pick one up. We'd be glad to give you one. If we don't have enough, our website has this information as well. In addition to that, there are all kinds of white papers and discussion papers on responsible investing and how AIMCo, you know, invests with the principles of UN PRI, which are the United Nations principles for responsible investment, in all of its decision-making.

When I started at AIMCo, there was no one dedicated to doing responsible investing. Today we have five people dedicated solely to integrating the pillars of responsible investing in our process.

Dr. Turner: Thank you. Actually, Mr. MacMaster's response there answered the third question of the three that I have, which was about the sort of education on potential impacts and environmental factors and other things. I'm really pleased to hear, and I know my constituent is going to be pleased to hear that.

But let me ask a slightly different question. You know, the Slave Lake fire, the Fort McMurray fire, the fires in California right now, the fires in Australia right now, the fires in South Africa right now,

the hurricanes that have devastated Texas as well as Florida and Puerto Rico, not to mention even Ireland just within the last couple of weeks are evidence, to me at least, of a significant change in our climate. Globally climate change regulations are expected to change. How is AIMCo going to determine the heritage fund's exposure and the potential financial impacts of current and future climate change?

Mr. MacMaster: Sure. Well, first of all, climate change is an engagement focus area for AIMCo. We engage with companies in the extractive sector to encourage climate-resilient strategies. AIMCo was one of the first institutional investors in Canada to actually do a carbon footprinting on the equities portfolios last year, which we found to be well within the peer benchmark. We think it's a very important area. We continue to be a very active participant in this area, but just as much as climate is a disruptor and can present risks to the investment portfolio, there are all kinds of other disruptors that we have to be aware of, including technology. Climate change is just the latest. Quite right.

8:10

Dr. Turner: Thank you.

The Chair: Thank you, Dr. Turner.

I'm going to ask the audience if there are any questions. We do have some social media questions we'll ask.

Seeing none, okay. Mrs. Schreiner.

Mrs. Schreiner: Thank you, Mr. Chair. This next question comes in via e-mail from Mr. Burton Muhia. Mr. Muhia asks: "Does AIMCo have political considerations in its mandate on where the funds get invested? [For example,] can the fund exercise discretion in divesting in jurisdictions that are hostile to provincial objectives?"

Mr. MacMaster: Our mandate is quite clear, and Lowell was good enough to have that on one of his slides. We're about economic return and have no political interference. In fact, the recent signing of the mandate and roles document that was signed between AIMCo and the Finance minister has solidified and made very clear that arm's-length relationship and has reinforced AIMCo's successful governance model.

The Chair: Great. Thank you.

Let's continue with social media. Thank you.

Mrs. Schreiner: Thank you, Mr. Chair. This next question comes in via e-mail from Kathryn Cardinal from Edmonton. Ms Cardinal asks: "What types of investments are included in the Strategic Opportunities? Would you be able to provide an example?"

Mr. MacMaster: Within the ASO portfolio we have a Brazilian infrastructure fund. We have logistics exposure in Brazil as well, an energy hydro position, and a holding company called Cornerstone. Those are the investments in ASO, the special opportunities fund.

The Chair: Thank you.

Questions from the audience, please.

Mr. Bond: Leigh Bond, St. Albert. I don't know if this is the right venue to do this, but I'm going to do it anyway. Myself and another fellow have been working on an initiative called PACE, property-assessed clean energy. It kind of ties into the greenhouse gas environmental thing with fires and so on. Basically what it is a fund or a way of financing energy efficiency upgrades in buildings. According to our calculations, if we pattern it after what they've

done in the U.S., we're going to need about \$90 billion over the next 13 years to be invested in property-assessed clean energy. I'm just wondering if AIMCo would be interested in investing in that kind of thing.

Mr. MacMaster: Are you really pitching an investment here tonight?

The Chair: I think that is exactly what happened, Mr. MacMaster.

Mr. MacMaster: Well, let me just say that we receive investment opportunities incoming by e-mail, phone, written communication. If you have some documentation, some background, an offering memorandum, or details on your investment, we'd be more than happy to have a look at it.

Mr. Bond: Addressed to you?

Mr. MacMaster: Addressed to me. Yeah.

Mrs. Marte: I'm just going to add to my question about heritage . . .

The Chair: State your name, please, ma'am.

Mrs. Marte: Zeny Marte, Edmonton. They call it heritage funds. Could you support and spend money on, like, our historical structures, our old buildings? Instead of tearing them down, would you consider putting money in this?

Mr. Epp: At this point in time the legislation is quite clear that investments have to be done to maximize long-term earnings. Typically investing in heritage buildings is done for other purposes, not to earn the maximum return.

Mrs. Marte: I just thought, like, it's heritage. It's part of our heritage.

The Chair: Okay. Thank you.

We have some social media questions?

Mrs. Schreiner: Yes. We do.

The Chair: Thank you, Mrs. Schreiner.

Mrs. Schreiner: Thank you, Mr. Chair. I have a couple of questions that have come in from Heather K. via e-mail. Ms K. asks, "If we are living off of the proceeds of the initial investment, would it make financial sense to begin depositing in the fund again, even if it meant reallocating funds from other areas such as health care and education?"

As well, Ms K. asks, "If the fund is intended as an investment in Alberta's future as we wean off of non-renewable resources, shouldn't we be using the proceeds to invest in new technologies and energy supplies to support Alberta in the future?"

The Chair: Okay. It sounds like we've got a half-half question here. Who wants to start on that?

Mr. Epp: Could you repeat the first question?

Mrs. Schreiner: The first question is: "If we are living off of the proceeds of the initial investment, would it make financial sense to begin depositing in the fund again, even if it meant reallocating funds from other areas such as health care and education?"

Mr. Epp: Ultimately, that's a decision of the Legislature. The government presents its budget, and the Legislature votes yes or no

on whether or not to accept that budget. Certainly, the government or the Legislature in its wisdom could choose to reallocate funds and spend differently, but primarily that is a question for the Legislative Assembly.

And the second question?

Mrs. Schreiner: The second question was: “If the fund is intended as an investment in Alberta’s future as we wean off of non-renewable resources, shouldn’t we be using the proceeds to invest in new technologies and energy supplies to support Alberta in the future?”

Mr. Epp: Well, I think you have to realize that if we use that investment income for other purposes such as investing in other technologies, there will be lower investment returns. So either our deficit will have to go up, taxes will have to go up to maintain the deficit at its current level, or spending will have to go down.

Ultimately, once again, it comes down to a decision of the government and the Legislative Assembly on how to allocate the resources that the government has access to. At this point in time the budget does have some initiatives. The climate leadership plan is investing in some energy efficiency alternatives, but the heritage fund itself – again, the Legislature has decided, through the Alberta Heritage Savings Trust Fund Act, that the goal of the fund is to maximize its long-term return and not to invest for other purposes, shall I say.

Mr. Prefontaine: I’ll just add to that.

The Chair: Yes, please.

Mr. Prefontaine: You know, talking about the difference between the income generated from the heritage fund and what happens with that and the assets that AIMCo continues to manage, we have demonstrated that, while looking at this to maximize long-term returns and looking at investments through the commercial returns basis, we have found opportunities in the renewable energy sector. Again, talked about tonight already was TransAlta Renewables. Where it makes sense on a fundamental basis, those are opportunities that we’re willing to look at.

The Chair: Great. Thank you.

We’ll continue on social media, then. Thank you.

Mrs. Schreiner: Thank you, Mr. Chair. This comes in via e-mail from Katalin Horvath. Ms Horvath writes:

In 1976, when we came to Alberta the Heritage Fund was already \$12 billion. I was expecting it to be much more after all this time. The fund was put in place for “a rainy day” and so far we were not diligent about keeping the fund supplied with deposits to ensure we will have the funds when that day comes. I am worried about suggestions to utilise the monies for general revenues, when we should be able to manage without it. We would like to see the interest returned to the Fund and allow the Fund to grow at [a] higher percentage.

Would anyone like to comment on this?

8:20

Mr. Epp: Certainly, the Legislative Assembly could choose to do that, but it would have a cost. Again, as I mentioned in my previous answer, that cost would be either higher taxes, less spending on whatever that might be, or, thirdly, a higher deficit, which means additional debt because you have to finance those deficits by borrowing. Those are the choices, and, you know, the Legislative Assembly can choose in its wisdom to do what it thinks needs to be done.

The Chair: Thank you.

Do we have another one?

Mrs. Schreiner: Yeah.

The Chair: Okay. Great.

Mrs. Schreiner: Thank you, Mr. Chair. This next question comes in via Facebook from John Babcock-Patch. Mr. Babcock-Patch asks, “Anything for solar training or for equipment for home use?”

The Chair: I don’t believe that one is within the mandate of the heritage trust fund.

Mrs. Schreiner: Okay. All right. Then we have another one. This was sent via e-mail from Heike DeGraff. The question is: “Where is all the physical gold? I’ve heard on various documentaries that no one knows where the gold is? It’s apparently not in the American banks or the Canadian ones either.”

The Chair: Well, I’m going to probably say that that one is not in the mandate here. But if anyone knows where the gold is, please speak now because I’d like to know as well.

Any questions from the audience?

Okay. We’ll go back to the committee here. I had Mr. Cyr down next.

Mr. Cyr: Thank you, Mr. Chair. I’ve got three questions I’d like to ask if that’s fine. Earlier you had stated that the Alberta heritage trust fund is “not for economic development.” Now, I just took a quick look at the act. Where does it say that in the act, that it’s not for economic development?

Mr. Epp: I don’t have the act in front of me. It doesn’t say it anywhere directly. It says that its purpose is to maximize long-term returns. By all means, if an economic development investment could meet that criterion, the heritage fund could invest, but its decision-making criterion is first and foremost and really only its risk-adjusted long-term returns.

Mr. Cyr: The final question is something that my colleague Mr. Hunter was trying to get to. Now, the Alberta growth mandate that was put forward: we’re hearing that it’s to create jobs in Alberta. Would you consider that to be not for economic development? I guess the question here is that it appears that AIMCo is just ignoring your minister’s suggestion of 3 per cent. Is there some mechanism that you can implement to force him to do that? By the way, I just disagree in any way, shape, or form with trying to impose anything on our independent AIMCo body.

Mr. Epp: Well, I would say that there are two legal protections that would prevent the minister or anyone else, for that matter, from forcing AIMCo to make investments under a different set of criteria, and those are the Alberta Heritage Savings Trust Fund Act, which clearly states that the goal of the fund is to maximize long-term returns or earnings, and the Alberta Investment Management Corporation Act also clearly mandates the corporation to act in the best interests of their clients, as a prudent investment manager would do. Both of those acts are quite clear in stating that, first, the goal of the fund is maximizing long-term earnings. The mandate of the investment manager is very similar, to look after the investment returns of its clients.

Mr. Cyr: Would you say that it’s out of scope for the minister to even be asking for the Alberta growth mandate to be put forward on AIMCo?

Mr. Epp: No, I wouldn't say so because, again, he hasn't changed the decision criteria; he's simply asked them to pay more attention to finding investments that met the criteria within Alberta.

Mr. Cyr: Thank you, Mr. Chair.

Mr. Prefontaine: If I may, Mr. Chair.

The Chair: Yeah. Go ahead.

Mr. Prefontaine: At AIMCo we view this as an asset allocation decision that a client has made. Just like any other asset allocation decision that any of our 32 clients will make, we take this very seriously, and we're working hard to achieve the target that has been laid out for us. Just like when one of our pension fund clients directs us through their particular statement of investment policies and goals that they would like a percentage invested globally, a percentage invested in the Canadian market in some fashion, we have taken this mandate from our client, in this case the government of Alberta, to invest a percentage in Alberta as an asset allocation decision.

I cannot stress enough the deference and independence that AIMCo continues to enjoy from our client, the government of Alberta, in making specific investment decisions. The simple mandate that our investment professionals, led by Mr. MacMaster, have been given to find the best investments they can within Alberta, with a target of 3 per cent: you can see from the annual report that we're not there yet, but we're working hard to get there. It is something that we take absolutely seriously, but it has not infringed upon our independence in making those investment decisions.

The Chair: Great. Thank you.

Mr. Dang, you had a question.

Mr. Dang: Yes. Thank you, Mr. Chair. I do want to thank all the members of the public who have joined us today. I think it's very important that we do have this opportunity to speak with members of the public on this fund because it is Albertans' money. I think that's something I cannot stress enough. Thank you to the officials who have joined us here today to speak.

I do want to ask again, as seems to be the trend, about the Alberta growth mandate. As we have all heard multiple times tonight, up to 3 per cent of the fund has been directed to be invested in Alberta-based companies which meet that requirement. I'm looking at the list of companies that have been invested in since 2015 on page 8 of the annual report, and we can see that there's a large number of companies that have been invested in through various means: some equity, some direct investment, and some debts and loans as well.

I'm asking whether perhaps the AIMCo officials could speak to how these companies are evaluated and selected to meet the mandate and how we ensure that they continue to meet the mandate moving forward.

Mr. MacMaster: The decisions to invest in these companies are based on economic return.

Mr. Dang: Sorry. A follow-up?

The Chair: Yeah.

Mr. Dang: Thank you, Mr. Chair. Yeah. I guess there are also those eight criteria in the Alberta growth mandate in general, so we know that these investments – and we've seen some of the specific ones, as we saw in the slide show, return very high returns, as high as 40

per cent, 60 per cent. But are we making sure that we're also evaluating to meet those eight criteria at any point?

Mr. MacMaster: Our mandate is pretty clear; it's to invest based on economic return. That's first and foremost. As Mark pointed out, the heritage fund has decided to make an allocation to Alberta specifically for the 3 per cent, so this represents part of that investment.

It's assumed, though, without being able to quantify very well, that this should benefit Alberta in creating jobs and fulfilling the other five objectives. But that's pretty difficult to quantify. I can tell you, for instance, that our investment in Calfrac – after we made the investment, 65 per cent of laid-off workers were called back. So that was a positive side.

Mr. Dang: Thank you. That's encouraging news.

The Chair: Yes. Thank you.

Ms McKitrick.

8:30

Ms McKitrick: Thank you. I'd like to start, first of all, by thanking you for the care you're taking around socially responsible investing, and I look forward to reading the report. I think it's really a great asset of AIMCo that you have so many staff that have qualifications to direct your investment around socially responsible. I want to thank you for your investment in that.

I want to go back and talk about the Alberta growth fund, which we seem to be doing quite a bit of today. I was looking at the top 10 public equity holdings, which is on page 14 of your report, and I can see that in that top 10 list we have a lot of energy players like Suncor and Enbridge and Canadian Natural Resources that have been key players in Alberta oil and gas development. I was wondering, given that those companies are rated in the top 10, if it means that AIMCo thinks that the oil and gas sector in Alberta is still a pretty good investment for Albertans.

Mr. MacMaster: Sorry. The last bit I didn't quite catch.

Ms McKitrick: I'm wondering if the oil and gas sector, in your opinion, is still a pretty good investment for Albertans.

Mr. MacMaster: Yes, I think it is. As you can see from our investments in the 3 per cent, quite a few of those were in the oil patch, in fact, and the timing lined up quite well for us because this goes back to 2015. Of course, the energy prices corrected in late 2014. Capital started to disappear from the Alberta oil patch and in some cases continues to disappear, leaving it back to the locals, which is the way it was many, many years ago.

That provided an opportunity for AIMCo to step in on behalf of its clients and make some very, very attractive investments, which we did – you heard about some tonight – where we've realized tremendous value already, and we believe in the rest of them. I think it continues to be an interesting place to invest, and part of it is because so much foreign capital has disappeared. You may have noticed, if you pay attention to the markets, that despite energy prices, like oil, moving from the low \$30s back north of \$50, you know, the equity prices really haven't followed suit. It leaves me to believe perhaps that there's some value there still.

Ms McKitrick: Thank you.

Can I ask a second question?

The Chair: Sure.

Ms McKittrick: Okay. Thank you, Mr. Chair. I know that in an annual report we would love to look at your investment list, but we can't do that for this annual report. I was wondering if you could tell us a little bit about the other sectors in Alberta that the fund has invested in. What areas of strength do you see in Alberta beyond the oil and gas sector?

Mr. MacMaster: Well, I think another area, which was touched on earlier, is in the area of renewables. You know, Alberta is moving in that direction. We think that would be a very interesting area to get into. We already have investments in renewables, wind and solar, through an investment called S Power in the U.S. southwest. We would look at similar investment in Alberta. We continue to scour every corner of the economy for investments. We'd love to find good investments at attractive prices outside of energy if we could, but it's difficult. You'd be surprised.

Ms McKittrick: Thank you.

The Chair: Thank you.

I'm going to take a moment now to remind everyone watching at home or online that you can submit your questions via e-mail at committees@assembly.ab.ca or through the Legislative Assembly of Alberta social media – Facebook, Twitter, or Instagram – using [#abheritagefund](https://www.instagram.com/abheritagefund).

Are there any questions in the audience at the moment?

Mr. Perkins: Tom Perkins, Edmonton. I might be a little late in asking this, but my question is: who is AIMCo, who decides AIMCo as a fund manager, and what qualifies them to be the fund manager?

Mr. Epp: A great question. The Alberta Investment Management Corporation is a provincial corporation. It was created in 2008 by the Alberta Investment Management Corporation Act. Who decides that they manage the money? That's the President of Treasury Board and Minister of Finance. I think that answers your question.

The Chair: Would you like to speak to qualifications?

Mr. Prefontaine: Well, I think I'm happy to jump in on that one, on your third question, about what qualifies AIMCo to be that fund manager. There are a number of elements this evening that have been talked about in parts, and I'd just like to tie them together, starting with the question that we got earlier in the evening about the people within AIMCo and their qualifications. What makes AIMCo AIMCo and its ability to manage the assets on behalf of the heritage fund and the pension plan and other clients starts with the people that we have and the expertise that we have within the organization in all areas.

We've also talked about the governance structure and the independence in decision-making that we enjoy through the governance structure, starting with the AIMCo act and our relationship with the government as codified in the mandate and roles document, that Dale referred to earlier. Another aspect that the heritage fund as a client and the government as a client enjoy is the scale that they've created by creating AIMCo and the fact that we're managing assets for multiple clients. So the heritage fund, as identified, is \$17 billion to \$18 billion of the \$100 billion that AIMCo manages. We're able to do a number of things on behalf of all 32 clients because of that scale that we would not be able to do for any one client unto themselves if we were only managing their assets.

Another aspect that caught some attention in Mr. Epp's presentation is the difference in some of the asset classes in one-

year performance. Well, that's indicative of the ability that we have, given the scale that we have and the direction and mandates that are provided from our clients, to take risk. It's that ability to take risk in an environment where there's long-term, patient capital like the heritage fund and our pension clients that allows us to go out and find economically viable investments that make sense to maximize return in the long term.

Then the last thing that I'll emphasize – and I mention it briefly – is that we do have clients with a variety of mandates that they provided us, but one of the common threads among a number of them, very similar to the heritage fund, is that long-term perspective. One of the reasons that we've been able to find value in Alberta assets in this recent period is that we have that long-term perspective where some other sources of capital don't have that same long-term perspective and have maybe exited the market, which has provided Dale and his team to go in and find those values.

I would suggest that the compilation of those aspects gives AIMCo the position it needs to manage those assets on behalf of the heritage fund.

Mr. Perkins: Thank you.

The Chair: Great. Thank you, and thank you for that question.

We have a question on social media now. Mrs. Schreiner.

Mrs. Schreiner: Thank you, Mr. Chair. This next question comes in from Mr. Keith Brownsey. Mr. Brownsey asks:

To whom it may concern:

We've heard a lot in the news about Alberta's economy recovering and growing this year. Does that have any substantial impact on the performance of the fund, or are the investments diversified so much that Alberta's economic performance doesn't really make a big impact on returns?

The Chair: Mr. MacMaster?

Mr. MacMaster: Yeah. Sure. I'll take a shot at that. Yeah, I think it does matter to the extent that economic growth is linked to asset performance, and while the short-term evidence isn't always there, I think they are linked. One example of that probably would be real estate. We have investments in the heritage fund in Alberta, the Calgary office, and I think that everybody is aware of the difficulties with the Calgary office with oversupply, vacancy rates at 25 per cent or so. I think that if the economy in Alberta were able to grow and attract businesses, those offices would fill up and our investments would do better in that capacity. So there's an easy example that I think everybody gets.

The Chair: Great. Thank you.

Anyone from the audience?

Okay. We'll go back to the committee. Mr. Cyr.

Mr. Cyr: Thank you, Mr. Chair. Now, do you remember when Ackman stepped in, bought a large stake in Canadian Pacific, and shook up the board and the management in order to generate larger returns? Is this something that AIMCo has done or is looking to do, especially in Alberta?

Mr. MacMaster: You mean become an activist, an activist investor? Is that what you're saying? I think that was the case there.

Mr. Cyr: Absolutely.

Mr. MacMaster: No, no. We would not.

Mr. Cyr: So do you believe that AIMCo investing money into an Alberta company creates jobs?

8:40

Mr. MacMaster: I think it probably benefits generally. I think you could make that linkage. For me, my investments are based on economic return. That's the benchmark that I'm held to.

Mr. Cyr: This Alberta growth mandate, sir: that we're saying that we're creating jobs through your investments is ludicrous. I can't see how I can make . . .

The Chair: You're really searching for something, Mr. Cyr, that I don't think is quite there.

Mr. Cyr: I disagree, Mr. Chair.

But do you think there's a correlation, just to be clear, that your investments equal jobs in Alberta?

Mr. Prefontaine: I'll take part of the response to this. Thank you very much for the question. When you look at the Alberta growth mandate, there are six criteria that are applied. The conversation that Alberta Treasury Board and Finance and AIMCo had in the development of the Alberta growth mandate was not such that each one of those six needed to be met in order for it to qualify as an asset within the Alberta growth mandate. Creating jobs, while one of the criteria, is but one.

I will look at the list that is available in the annual report and use as an example – the name escapes me for the minute – StoneGate development. What that is is actual real estate development that we are exercising. In that particular situation jobs are being created as a function of the development of that particular piece of property.

There are other assets within the Alberta growth mandate where you could easily look at it and say that job creation was not a direct consideration for that but that it meets another element of the Alberta growth mandate. Our primary concern at AIMCo is that economic return. That is the first lens that gets applied, and as long as it meets that first hurdle, then we can consider it as part of the Alberta growth mandate, and we look at those six criteria that we have agreed to with the ministry and the department to decide whether or not it then will apply for the Alberta growth mandate. We have absolutely made additional investments in Alberta that don't meet those criteria and that are not reflected in the Alberta growth mandate.

The Chair: Okay. Thank you.

Mr. Horne.

Mr. Horne: Yes. Thank you, and thank you, of course, to both AIMCo and Treasury Board as well as all of the public for both attending and listening in today. You know, one thing that I think is on the minds of many people – I don't think it's limited to Albertans – is the ongoing discussions around NAFTA and a lot of concerns around what the future of that looks like. Softwood lumber and everything else, our entire economy, can be affected by it. I'm wondering, first, if the heritage trust fund is expected to have any impact around those negotiations and, second, if there are, on a perhaps more optimistic note, any opportunities if a CETA materializes.

Mr. MacMaster: Right. You know, NAFTA is on everybody's mind, I think, except the markets. The markets don't seem to care because the markets are saying: "You know what? This trade agreement could fall away. We'd revert to the free trade agreement, or we'd sign a bilateral agreement with the U.S. and then Mexico." The market seems to be looking beyond that. I'm not sure if that's right or wrong. The market may not be assessing this risk

accurately. I think the Bank of Canada is a little bit concerned about how that could go.

What's interesting about NAFTA is that when it first came up, people were concerned. Some of the things we heard around NAFTA led us to believe, you know, that there was just going to be tweaking of the trade arrangement. Now it seems like talks are becoming more difficult. But we really don't know.

I would say that one hopeful sign is that, despite the duties on the lumber, Canfor came out with great earnings. There is so much demand for lumber that despite the duties they're still making profits. You know, that's a hopeful sign.

I think with these trade agreements generally it's important to look to the longer term or medium term, that hopefully cooler heads will prevail and deals will be struck in the interest of all parties. In the case of NAFTA we're relatively in balance with the U.S. in our trade arrangements, so they benefit tremendously from this. Even if the talks broke down or if there was a desire to change them, it would still have to go through Congress as well, and that remains questionable with the administration that's in place there.

Mr. Horne: Okay. Any opportunities looking towards the CETA discussions as well?

Mr. MacMaster: I think NAFTA is probably the more important one there. Leave it at that.

Mr. Horne: Fair enough.

The Chair: Thank you.

I now ask if there are any questions from the audience at this time. Great.

Mr. Robinson: Ken Robinson from Edmonton. Just getting back to the Alberta growth mandate a little bit and the active investing option – I'm assuming it's an option and not a mandate that you can't actively invest. What I'm thinking of specifically, for instance, is: if Shell oil decides to sell their 20 per cent interest in a mine in Fort McMurray, could the heritage trust fund buy that 20 per cent and be an active investor in the oil sands?

Mr. MacMaster: Sure. We could. We have the freedom to look at all investments based on the . . .

Mr. Robinson: But, philosophically, you just choose not to?

Mr. MacMaster: No. We could. I mean, it has to meet our economic, you know, return benchmarks and risk and so on. Then it has to compete with all the other investments we're looking at around the world as well, right? So if there's nothing to stop us . . .

Mr. Robinson: Was it looked at in that case . . .

Mr. MacMaster: I'm not sure that it was.

Mr. Robinson: . . . or ConocoPhillips when they sold out? CNRL is buying these things rather than us buying them, for instance.

Mr. MacMaster: Yeah. I'm not going to comment exactly on what transpired there. In most cases, you know, we would see all large transactions, so I'll leave it at that.

Mr. Robinson: You would be open to active investing, then? AIMCo would be?

Mr. MacMaster: Oh, absolutely. Yes.

Mr. Robinson: Okay. Thank you.

The Chair: Thank you for the question.

We have a social media question at this time. Mrs. Schreiner.

Mrs. Schreiner: Thank you, Mr. Chair. This next question comes in via Facebook from Mr. John Babcock-Patch. Mr. Babcock-Patch asks: "What levels of government have access to the Fund?" Also, how do people access information on the companies that have been mentioned here today?

Mr. Epp: I can take the first part of that. The Alberta heritage fund is owned by the government of Alberta. It is the only government that has any access to that fund. As for information about companies, I think the best way to find the information about companies is to go to their websites or, alternatively, contact those companies, and they will provide the information, I am sure, about their companies and the investment returns and performance of the company.

The Chair: Great. Did you want to add to that, Mr. MacMaster?

Sorry. I missed part of that question, too.

Mrs. Schreiner: Also, how do people access information on the companies that have been mentioned here today?

Mr. MacMaster: Well, certainly, our website is a source of information.

The Chair: The AIMCo website.

Mr. MacMaster: Yes. That'd be one option, or they can contact us directly. Our communications people would be happy to give the material if it's not available on the website.

The Chair: Great. Thank you. You have another question? You do not have another question.

Any questions from the audience?

Okay. We'll go back to the committee. Mr. Hunter.

Mr. Hunter: Thank you, Mr. Chair. Just two successive questions. Of the 32 clients that you have, are there any that are outside of Alberta or are public entities?

Mr. Prefontaine: No. All of our 32 clients are Alberta based, and they are all what are technically referred to as designated entities, meaning that in order for AIMCo to manage assets, the minister must designate them as being eligible. They are all public-sector related.

8:50

Mr. Hunter: Okay. Then the second question is: in order for you to be able to decide whether you're meeting benchmarks, you obviously have to do comparables. Have you compared against other fund managers and said how you've done? Can you provide that?

Mr. MacMaster: Yeah. For instance, our board, through their oversight of our operations, reviews performance every year. One of the measures would be against all global managers of balance funds like ourselves. What we aim to be is in the top quartile of those, and those are targets we set for ourselves. For instance, a four-year, you know, balance fund first quartile performance would be roughly 80 basis points, or .8 per cent over the weighted average benchmark, so there's a target for us to hit, and we've done quite well at meeting that. You saw earlier, I think, it was 90 basis points in what we achieved over five years.

Mr. Hunter: So would you say that of the top 25 fund managers that do, say, \$90 billion in terms of comparables, you're in the top quarter?

Mr. MacMaster: Top quartile manager. It varies depending on what period you look at, but yes, that's the benchmark we hold ourselves to. In addition to that, we operate within a risk budget that's constrained as well, and that's provided in part from our clients. But in addition to that as well, we try and be top quartile in costs or at least beat the peer benchmark in terms of our costs. So on the total fund that's roughly, you know, 47 basis points. In the case of heritage fund, with more liquid assets, I think last year was 74 basis points. We're pushing as hard as we can in keeping the costs low, and we're pushing as hard as we can to get the relative returns to benchmark as well, and our board holds us to account on those.

Mr. Prefontaine: I'll just add that each one of those 32 clients holds us to account as well. So we have the top level that our board looks at, and absolutely, that's vital to our process, and then we are held to account by each one of those clients.

The Chair: Thank you.

We have a social media question now.

Mrs. Schreiner: Thank you, Mr. Chair. This next question comes in via e-mail from Mr. Duncan Kinney. Mr. Kinney asks

Is AIMCo aware that its investment in Ladder Capital Corp., AIMCo's 4th largest private equity holding . . . means that it has significant exposure to debt owed to Donald Trump and his various companies and subsidiaries? Does AIMCo know what its total exposure to Donald Trump's debt is?

Mr. MacMaster: I don't know offhand what their exposure to Donald Trump is. But if this person would like to get in contact with our communications department, we could try and find that out if we could. Ladder, just for the benefit of the folks here, is a private equity position which deals in commercial and mortgage-backed securities. It's a listed company on the New York Stock Exchange.

The Chair: Thank you.

Anyone in the audience? We're running out of time. Not at this moment.

Okay. We'll go back to the committee. Mr. Ellis.

Mr. Ellis: Thank you, Chair. Thank you, all, for being here today. I guess my question is to Mr. MacMaster. You had indicated that 65 per cent of laid-off workers from Calfrac were called back, which everybody seemed very excited to hear. Now, I also understand that, you know, you folks are investors and you don't deploy resources or anything like that. But if I recall, because I do remember asking a question, I believe, in the Legislature in regard to Calfrac after the initial investment, they actually redeployed most of their resources into North Dakota and other areas within the United States, which obviously created jobs. So when you indicated that 65 per cent of laid-off workers were brought back, can you say that was in Alberta or just Calfrac as a company?

Mr. MacMaster: Yeah, I don't know what the breakdown would be. Good point. Don't know.

Mr. Ellis: Okay. Thank you.

The Chair: Thank you.

Mr. Dang.

Mr. Dang: Thank you, Mr. Chair. I guess my question is, as we wind down the time here a little bit tonight, just more generally based. I know we've spoken a lot about NAFTA tonight and CETA and in other areas of international exposure, and then there have been some questions about that publicly as well. I'm just wondering: are there any other substantial international exposures or just exposure in general that we're tracking that we think may be a risk in the medium to short term for the fund? If so, what are we doing to mitigate against those risks?

Mr. MacMaster: Sure. I wouldn't say it's exposures, necessarily; perhaps risks. I mean, certainly what's been going on with North Korea over the past six months, I think, has everybody concerned. It's something we have our eye on but very little control over. There's always the geopolitical risk when it comes to investing that keeps you up at night.

You know, I would say that Europe is improving. Very positive signs coming out there. But I still think the wave of populism is an issue and Brexit and its impact on the U.K. and what we're seeing in Spain and Catalonia. Separation there is still an issue. Although the markets are ignoring that, you know, we have our eye on that and are a little bit concerned.

The issue really is around the fact that markets and assets are priced for perfection. We've had a very long bull market, and any one of these things could rear its ugly head and tip things over. Those are a couple.

Mr. Dang: Thank you.

The Chair: Thank you.

Any questions from the committee at this time?

Any from the audience?

How are we doing on social media?

Mrs. Schreiner: We don't have any questions.

The Chair: Okay.

Oh, go ahead, Mr. Cyr.

Mr. Cyr: Is it possible for you to actually see how many jobs were created underneath the new mandate?

Mr. Prefontaine: No.

Mr. Cyr: Would the ministry be willing to submit something that shows how many jobs they've created underneath your new 3 per cent growth mandate?

Mr. Epp: I can't see how we would do that, no.

Mr. Cyr: The minister regularly goes out there and touts that he's creating jobs, yet we can't prove we've actually made one single job.

Mr. Ellis: North Dakota.

Mr. Cyr: Oh, sorry. My colleague is clear there.

Mr. Epp: Clearly, capital investment creates economic activity, and ultimately economic activity creates jobs. But it's very difficult, if not impossible, to link specific investments to specific job creation.

Mr. Cyr: Thank you, sir. That's what I was looking for in an answer.

The Chair: Thank you.

Okay. Any other questions? No?

Any questions from the audience? Is there anyone in the overflow room? Okay.

On social media?

Mrs. Schreiner: Sure. Thank you, Mr. Chair. I have a question that was sent via e-mail from Jamie Friesen from Edmonton. Jamie asks:

Will the committee urge the current government, as well as successive ones, to plan for a post-carbon future by returning to the original mandate and investing a portion of non-renewable resource royalties every year, starting this fiscal year?

The Chair: I think you've answered this a few times, Mr. Epp.

Mr. Epp: If the Legislative Assembly decides to change the act and allow the income to be reinvested in the fund or the investment mandate or the mandate of the fund to be changed, certainly that can happen. Ultimately that is a question for the Assembly.

The Chair: Thank you, Mr. Epp.

Unfortunately, we have run out of time right now. Before I close, I would like to sincerely thank every one of you for your participation tonight. I think I can speak on behalf of the entire committee when I say that we've enjoyed spending the evening with you and engaging in conversation about your Alberta heritage savings trust fund. In turn, we hope that you found the meeting informative and valuable.

We tried to address as many of your questions and comments as possible in the time allotted for tonight's meeting. For those of you who would like to offer feedback on our meeting, please go to assembly.ab.ca and answer our short survey.

To our TV and online viewers: thanks so much for tuning in. To those of you who made it here tonight: we really appreciate you taking the time to be here as part of our live audience. More information about this committee and its mandate can be found at assembly.ab.ca/committees/abheritagetrustfund.

This meeting is now adjourned. Thank you.

[The committee adjourned at 8:59 p.m.]

