

11:03 a.m.

[Mr. Pham in the chair]

THE CHAIRMAN: First I need a motion to approve the agenda of this meeting. Moved by Mr. Zwodzesky. Agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Any opposed? So carried.

Next I need a motion to approve the minutes of our last meeting, on June 3, 1998, which you can find under tab 3.

MR. STEVENS: I'll move that.

THE CHAIRMAN: Moved by Mr. Stevens that we approve the minutes of the meeting on June 3. Agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Any opposed? Thank you.

The next item on our agenda is the first quarter investment report from the Provincial Treasurer. He just walked in. Welcome to the committee.

MR. DAY: Great to be here.

THE CHAIRMAN: I also noticed that beside the Provincial Treasurer there are some new faces at the table, so would you please introduce yourselves so we know who you are.

MR. HUG: It's Jim Hug and Rene Boisson from the Auditor General's office.

MR. PALMER: Joel Palmer, government members' research.

THE CHAIRMAN: Welcome. Thank you.

MS BROWN: Karin Brown, Treasury communications.

MS TAYLOR: Shannon Taylor, Treasury communications.

THE CHAIRMAN: Mr. Treasurer, please.

MR. DAY: Thank you, Mr. Chairman, and thank you, assembled multitudes. You have the report, and I know you've been looking at it and studying it and everything else. Just in terms of some of the highlights, the net assets are just over \$12 billion, as you can see. The fund itself earned a total of \$258 million in net income during the quarter: \$186 million from the transition portfolio and \$71 million from the endowment portfolio. If you notice a slight difference there, the total of \$257 million, the difference is due to the rounding. If you look on pages 5 and 6 in financial statements, you'll see that slight variation there.

As according to plan -- and the plan continues -- \$300 million was transferred in the quarter from the transition portfolio to the endowment portfolio. You know the target there is \$1.2 billion per year, so that is clearly on track.

In terms of the asset mix, the endowment portfolio had 45.8 percent in fixed income and 54.2 percent in equities. That's the market value basis, and that is just about bang on in terms of our asset mix policy of 45 percent in fixed income and 55 percent in

equities. The table on page 2 draws your attention to that. So those mixes are zeroing right in on target.

The transition portfolio is mainly invested in fixed income securities, and about 1.6 percent of that portfolio is in project loans. If you see the graph on page 4 and schedule 2 of the financial statements on page 16, those references are there.

A point of interest and of note is the administration expenses at \$432,000. As is noted, there appears to be an increase, up from \$210,000 for the same period a year earlier. That is actually not a net increase. It's reflecting that a good portion of the first quarter expenses in '97 were actually charged later on in the fiscal year. So when you look at the whole year, you're going to see that the expenses are about the same, but the way the charges came in that particular year, it would appear that there's an increase of \$210,000. That's why that is, and that's why it's shown there.

The actual administration expenses are always a point of interest, and they should be. We continue to be under the industry average there in terms of percentages. The industry average would be anywhere starting from .02 percent up to .08, and our expenses are about .02, just showing how wonderfully efficient, of course, we are.

Some of the changes that may be more obvious and you may have questions on -- maybe I can boldly presume and assume on some of the questions there. The net income of \$36 million less than the same period a year earlier is attributable to the lower income from the transition portfolio. There are a couple of reflections there, the first I think being obvious in that the transition portfolio obviously continues to decrease as the money is moved out as according to plan. During the first quarter of '97, if you're doing the comparisons there, there was a pretty significant rebalancing of the equity accounts, mainly resulting in the selling off of some of those accounts and an unusually large capital gain there in that first quarter of '97 of \$71 million. If you contrast that with the capital gain for the first quarter of '98, which is about \$22 million, there appears to be -- that explains some of the difference there.

What else can we look at there? In terms of performance itself, which I know is key to your interests and something that we all keep a keen eye on, in the endowment portfolio for the period ended June 30, '98, first of all in the performance there you see our three-month performance plan and then the one year, ending June 30. I'll just jump to what I think would be some of the obvious ones. When you look at the Canadian equities, first of all you see a reflection on the market overall and what is happening not just in Canada but around the world. So on the three-month portion we see minus one-quarter percent. If you look across, however, at the benchmark portfolio return, the TSE 300 index, on their three-month return you see a loss of 2.2 percent. Again this is reflecting what's happening not just Canada-wide and North America-wide but worldwide.

We continue to invest in the equity component, which I believe is a prudent investment. Just as you look at your own personal investments and RSPs, because the market is taking a hit right now, you wouldn't expect your investment managers to be bailing out of equities 100 percent. Your equities, for most people RSPs, are long-term investments. So we continue a prudent investment approach, realizing that when the market is in a downturn overall nationally, internationally, and worldwide, then there's going to be some downturn also in our own investments. It is encouraging to see, using Canadian equities public as an example, that though the TSE 300 took a minus 2.2 percent hit on the quarter, ours was minus 1 and one-quarter, primarily because ours are invested in the top 100 companies in that rather than in the full index, the top 300. So there's some movement there and showing some strength in our own portfolio.

On the transition portfolio itself, again the performance is

measured against a benchmark which is based on the cost of the Canadian dollar portion of our own debt, and that's something that has been an overriding concern or observation from the public. They want to make sure that overall with the transition portfolio and the endowment portfolio we continue to perform beyond what our provincial debt portfolio is. That's, I think, a reasonable expectation and why we have to keep aiming there.

Those are some of the overriding observations, and you've got before you the breakdown of those. We continue to look at reflecting, making sure the inflation factor is built in so the fund in fact is not eroded or in a place where it could be seen as eroding, and that will continue.

You see a breakdown on the second page of the first quarter report showing the endowment portfolio, the Canadian dollar debt pool, the floating rate note pool, and what each is doing. There are the breakdowns that are there.

That, Mr. Chairman, is our observations in terms of an overall sense of where the fund is for the first quarter. I would certainly welcome questions, comments, observations, and insights at this point on anything related to the overall fund and how it's doing and how this first quarter shapes up. Stan Susinski is here as the chief investment officer, and I think you folks know Robert and Jai, Robert being the ADM and Jai being our director of investment products. All of the tough questions, of course, will go to them.

11:13

THE CHAIRMAN: Thank you.

Any questions for the Provincial Treasurer?

MS CARLSON: How many questions in a row can I ask?

SOME HON. MEMBERS: One.

THE CHAIRMAN: No, no. As in the past we'll try to keep the meeting as informal as possible, so we'll try to allow you as many questions as possible. Then if I have to cut you off to allow some other members, you can always put your name on the list again.

MS CARLSON: Okay. Sure. Well, I really have three areas that I want to ask questions on, so maybe I'll ask them one area at a time. The first, Mr. Treasurer, is on administrative expenses. Can you tell us why you deduct the expenses incurred by the external managers from the net income rather than recording it as just an administrative expense? It seems to me to be unusual. Just a technical question.

MR. SUSINSKI: No, it's not unusual for most institutions, such as ours, that would be employing external managers. We would be tending to net out their fees right off the investment income. Basically standard practice.

MS CARLSON: Okay. Good. So in this first reporting quarter here can you tell us how much was then deducted from the investment income? Is that provided in there?

MR. SUSINSKI: I don't have that number in front of us. We could get it for you.

MS CARLSON: Perfect. Fine. That's all in administrative. I'll come back and ask some at the next set.

THE CHAIRMAN: Thank you.

MR. DAY: We'll get the number on that second request. We'll get

that for you.

MS CARLSON: Perfect.

THE CHAIRMAN: Thank you.  
Shiraz.

MR. SHARIFF: My question has just been asked.

THE CHAIRMAN: Okay.

MR. DOERKSEN: I wonder if you could elaborate further. I appreciate your comments about the current market conditions. There has been some time elapse since June 30, and most of the market downturn has been since that date. Is there any way you can give us some indication of what we're going to see for the next quarter end?

MR. DAY: Well, it's not warm and fuzzy news. Since June 30 the TSE is down 22 percent. Dow-Jones is down 12. Standard and Poor's is down 10. Europe is down just about 20. So, you know, it's not exciting news worldwide, and all of us reflect on that. Asia and Japan are down over 12 percent. The picture is not overly positive, and that's why I think it actually speaks to the strength of our own portfolio in that we have prudent investment rules, we have our asset mix clearly defined, and we seem to be performing slightly better than the markets that we're up against. So nationally and internationally it's not rosy. It's the time and the markets where people need to have a little bit of patience and a little bit of courage not to bail out.

There have been observations recently by those who observe these things that there's an increased degree of sophistication in the market in general these days whereby we're not seeing the panic that we might have seen, for instance, in '87. People realize they're in for the long term, that the wave goes up and down, and the wave is going down right now. How long that will continue -- if I could tell you that, I wouldn't be sitting here in this capacity. I might be sitting here as a multimillion-dollar consultant giving you advice on where to put your investments. But I guess that's the one positive, the certain things that, first of all, the stock markets themselves, for instance, have put in place to reduce the panic sell and just an increased sophistication. People know we're in for the long term. They know that the world continues to grow, commodity prices are going to come back eventually, and Asian markets are going to solidify, but we're going through a time of nervousness.

Those are the percentages since June 30.

MR. DOERKSEN: Well, I wonder if it wouldn't be useful in your quarterly report as you release it or even as an addendum to identify some of those things that have happened since the June 30 report.

MR. DAY: Some of the trends we're seeing maybe?

MR. DOERKSEN: Yeah. I mean, there's a lot of the public that's very astute in these matters, and they'll know that a lot has happened since June 30. We might as well let them know that there's been some -- I mean, for the most part, as our investments are still mainly outside of the equity pools, the impact on the heritage fund isn't going to be as dramatic as if it had been entirely in that situation, but I wonder if we shouldn't make some notes on that.

MR. DAY: Sure. I'd have to ask from an accounting perspective: is that any problem to put those kinds of observations as an addendum?

I don't think we'd run into any GAAP rules being thrashed or crashed. This report of course is out, but for future quarter reports I don't think there's any legal impediment to that; is there?

MR. BHATIA: Typically that sort of comment would go in the commentary as opposed to the financial statements, but we could certainly look at that for the next quarter, if there have been significant developments after quarter-end.

MR. DOERKSEN: Normally in an annual report you always have a little statement when there have been significant changes subsequent to the year-end. Those are often reported in financial statements. This is a significant change since June 30 in the markets, so a comment on that, I think, would have been appropriate.

MR. DAY: That's a good comment, Mr. Chairman. If the rest of the committee agrees, we can add some of that commentary to our next quarter report.

THE CHAIRMAN: Any other questions?

MS CARLSON: My next set will be on foreign equities. Do we have available to us the criteria of the performance requirements for the external market fund managers? Is that something that's available to the committee?

MR. DAY: You mean what's used to say who's going to get that business, that type of thing, in terms of evaluation of the benchmarks?

MS CARLSON: Well, the criteria of performance expectations of them.

MR. DAY: Sure. Yes. We'll get that.

MS CARLSON: Okay. Great. That would be good.

Has there been any sort of revision on the rate of return of foreign equities, given what's going on?

MR. DAY: Well, if you look directly at the performance portfolio itself, you can see on the endowment portfolio, for instance, the return there. The three-month return has been 4.2 percent. The overall weighting of the portfolio is 25.3 percent. If you recall, it was last year that the committee agreed to move, as most funds are doing, to 30 percent, so they're slightly below the weighting there. Right now the first quarter report shows it at a 4.2 percent return.

MS CARLSON: So are you going to revise the expectations down, or are you going to keep them?

MR. DAY: I think we'll have to look at that, and we'll have to look at it in terms of if it's performing below the MSCI World Index. We need to look at the factors also.

MS CARLSON: So as a result of whatever your investigation is there, then you may be revising them down.

MR. DAY: It could be, yeah.

MS CARLSON: Okay. Will you report that prior to the next quarter's report being out?

MR. DAY: Yes. We can give you that. If we have the numbers

available, we'll give you that before the next quarter. I'll just make a note of that.

MS CARLSON: Okay. So would there be a plan to reduce the weighting of the foreign equities overall in the plan?

MR. DAY: Well, that's a good question. That's why we look to good investment managers to see what's happening on an international basis. We won't be driven to hit 30 percent just for the sake of hitting 30 percent.

MS CARLSON: I agree.

MR. DAY: So your question is good. It's valid. You know, it's evaluated daily in terms of what the markets are doing. So in response, we won't be driven to hit the 30 percent just for the sake of doing that. There'll be an ongoing evaluation.

MS CARLSON: Okay. You've got the \$821 million in foreign equities. How much of the \$821 million is in Asia? Really, even the ballpark is fine.

MR. DAY: I don't have that right here, to be honest. Stan?

MR. SUSINSKI: I think the ballpark would be something like 10 percent.

MS CARLSON: Ten percent?

MR. SUSINSKI: Yeah. I think that would be in the range of 10 to 15 percent.

MS CARLSON: So do you think you're going to be holding the line on that and just try and ride it out?

MR. SUSINSKI: Yes, I think we will. We'll continue to have investments in Asia. It's a big part of the world economy now. It's actually gone through the biggest wringer in the last couple of years. So if markets are starting to bottom out, there's actually evidence that some of them in Asia are bottoming out.

MR. DAY: Since June the reduction in terms of overall investment in Asia and Japan has actually been less than in the Canadian markets.

11:23

MS CARLSON: Right. Okay.

I see it looks like exposure to real estate is being increased. Do you have some criteria for that, and who is overseeing that?

MR. SUSINSKI: We have an internal group that pass on all our real estate, and we are working with some of the major developers in Canada. We are looking for well-positioned real estate in the major Canadian cities, and we are looking at it on a long-term basis. Real estate has come through a major recession, or a bear market if you'd like, in the last 10 or 15 years, and we think it's on the upswing. We are adding to our portfolio on a selective basis, and we think it makes an excellent alternative investment, given what's going on in the public equity markets.

MR. DAY: In spite of that, I don't have a bridge in Arizona to sell you.

MS CARLSON: So who's establishing those policies in terms of what you're buying and what you're not buying?

MR. SUSINSKI: We've developed those internally, and we have internal real estate policies that we follow and criteria that we follow.

MR. DAY: Would you like to see those?

MS CARLSON: Sure. That would be excellent.  
Do we have a breakdown of what's in that fund?

MR. SUSINSKI: Yes.

MS CARLSON: Is that available as well?

MR. SUSINSKI: Yes, we could provide that.

MS CARLSON: Okay. My next set of questions is not on equities. Should I just go ahead?

THE CHAIRMAN: Sure.

MS CARLSON: Okay. Can you give us an update on Ridley?

MR. DAY: I didn't actually come prepared to do that.

MS CARLSON: Just generally.

MR. DAY: In general, payments are still on track. We still hear general discussion out there. As a matter of fact, about three and a half weeks ago something surfaced in a newspaper that there was some kind of significant discussion going on, but there is not. Their payments are on track. Certainly they are dealing with certain competitive realities related to other export centres, but everything's on track. We hear in general that there might at some time be a discussion or something come forward for us to look at, but we are content with how it's performing. We don't have any specific discussions going on right now.

MS CARLSON: So Ridley is very sensitive to reductions in the grain throughput. If that happens, what will you do? How will you react?

MR. DAY: Well, they're required, like any entity, to make certain payments to us at certain times at certain interest provisions. That is a performing portfolio now, so we basically say to them, "We expect ongoing performance," and we don't give them any other message. Nor should they have any other message. They indicate to us that that is also their expectation, so until we see something different, those expectations are in place.

THE CHAIRMAN: Debby, before you continue, I would like to remind everybody that all of our discussion will be part of the public record. Therefore I would ask members to refrain from asking hypothetical questions.

MS CARLSON: Yes. Sure. Thanks, Mr. Chairman. I understand that. I think it is important, though, for the committee to know how fast your reaction time would be if there was a significant change in the market. That would be my final question on Ridley and my final question for today. If you could answer that.

MR. DAY: Well, anytime that somebody misses a payment, the action time and the beginning steps are immediate. However, we also expect that these various entities, at the very least in an informal way, would let us know even beforehand. Simply put, we expect the agreement to be met. To send any other signal would be probably delinquent on our part. They know that they have to meet those payments. They know what the throughputs are. They know what commodity prices are doing. They know what the different rail charges are. They know what's happening at Roberts Bank, and they are simply expected to perform. They understand that. We would not in any way panic. We would simply say: payment is due; see you at the bank.

MS CARLSON: Okay. Thank you for all your answers.  
Mr. Chairman, that concludes my questions.

THE CHAIRMAN: Gene.

MR. ZWOZDESKY: Thank you. Good morning, Mr. Treasurer, and to your staff. I just want to direct your attention for a moment, if I might, to page 4, the bottom paragraph, which refers to administrative expenses. While I realize that the fund itself deals in the billions, I just want to pursue a question here, if I might, with respect to the thousands. It's to do with the doubling of administrative expenses which are explained here and also further explained on page 12. If I understand this correctly, we as a government see a charge back from the Treasury Department for some or all of this administrative expense with respect to issues pertaining to the cash management, safekeeping, and so on. My question is on that doubling of admin fees, from \$210,000 up to \$432,000. Do you know: is the majority of that going back into the government overseeing some of these external managers specifically through your department, or is that doubling of admin fees for the first quarter here something that we're experiencing as a result of higher external management fees?

MR. DAY: No. It's in relation to something a little bit more basic, and Stan, if he wants, can give us a breakdown in terms of where the actual dollars go and to whom. But it's really a factor of reporting. In '97 there were certain areas of these fees, coming to \$210,000, which were incurred but not reported during that quarter, so it makes it appear, just because our reporting I guess is better, that there was an increase in the actual cost. It wasn't over the year, but because of the deferral in terms of how that was reported, it appears as though there's an increase over the quarter.

MR. ZWOZDESKY: In other words, it becomes absorbed and reflected in the first quarter.

MR. DAY: Exactly.

MR. ZWOZDESKY: Over the long run it'll be spread out and will look different. I'm aware of that. But what portion of that would you guess, on a percentage basis, is directly related to higher admin costs or higher supervisory costs or monitoring costs as done by government or any of our government departments? Or is all of it?

MR. SUSINSKI: I don't have an exact percentage number, but we could give you more of a breakdown on those fees. We are moving from a transition account which was basically in a few products to an endowment fund which is in a number of products. So there will be some continuing increase in fees because the endowment portfolio attracts a larger expense ratio. As to the exact breakdown

of these numbers, I don't have it in front of me.

THE CHAIRMAN: Can you please make it available to the members at some future time?

MR. DAY: Sure. We'll try and break that out if that's of interest to you.

MR. BHATIA: Perhaps I could just supplement that answer a little bit, at least qualitatively, and that is that most of those expenses, the overwhelming majority of those expenses, are the transaction costs involved in doing the trading of the securities that we hold directly. Those are our directly managed equity holdings, our directly managed bond holdings. So it's the transaction costs of those and the salary costs of the traders and people who actually run the portfolio. Very little of that expense would be the oversight of external managers, because that's simply not a large part of the operation.

In response to the earlier question, the Treasurer indicated that the expenses of the external managers themselves are deducted from net income directly. So this is primarily the internal expense for the assets being managed internally.

MR. ZWOZDESKY: Okay. Thank you.

THE CHAIRMAN: Another question, Gene? Victor.

MR. DOERKSEN: Mr. Treasurer, you've probably answered this question already, so if you have, I apologize. I'm looking on page 16 of the report. We're looking at the transition portfolio investments, in particular Nova Corporation. Does it represent a significant percentage ownership in that company? Are those voting shares? Do you have any idea on this?

11:33

MR. DAY: Well, I don't know what the percentage is. I don't know if you have stats.

MR. SUSINSKI: Yeah, it is a high percentage, and it traces back some years. In the old heritage fund we did have some arrangements with Nova, and we did advance them some capital under, I think, the Alberta division or something. So that is a carryover, and they are voting shares. We will be looking at a plan likely in the coming years to reduce that amount, and there actually has been some reduction in that size since June. On the other hand, it is an investment well suited for the heritage fund; it is a good dividend producer. So it's one that we will be addressing. It's not a high priority.

MR. DAY: Do you want a percentage breakdown on that?

MR. DOERKSEN: Well, if it's handy, it would be more of interest. My only question, then, is how much we have to say with the activities of Nova and their activity in Alberta. That was where my question was directed.

Then the follow-up question is: as we move more to an endowment portfolio and get more into equities, is there any policy that we have relating to percentage ownership that we're allowed to have in them?

MR. SUSINSKI: Yeah, we do, and given that this was a grand-fathered carryover, it is unusual in that. We would not generally hold more than 10 percent of the stock in any company. Although

this is a sizable investment, it's not sizable in terms of the amount of stock outstanding in Nova. We'd be well under 2 or 3 percent or something. So it's not a large holding of Nova stock outstanding; it's large in this particular portfolio.

MR. DOERKSEN: Thank you.

THE CHAIRMAN: Thank you.

Seeing no further questions from the committee members, I need a motion to approve the first quarter investment report as presented by the Provincial Treasurer. Moved by Mr. Shariff. Any opposed? So carried unanimously.

Thank you, Mr. Treasurer.

MR. DAY: Thank you, Mr. Chairman and again to each of the members, for the good work you're doing. I understand you're having some discussion on communications, and I think it's excellent that you're pursuing getting out in front of people the visible realities of the good things that are being done by the fund. So I encourage you in that. Thanks for your time.

THE CHAIRMAN: The next item on our agenda. We are going to look at the communications plan for our public meetings this fall. As you are well aware, every year part of our mandate is to go out and communicate to Albertans how well the heritage savings trust fund is doing, and this year we have scheduled four meetings around the province. In order to attract Albertans and get their input on how they think our fund is doing, we have with us some expert help from Treasury communications. I will let Shannon and Karin talk about what they have in mind for us as far as the communication plan is concerned for the public meetings.

MS TAYLOR: Thank you, Hung. I understand this communications plan was briefly talked about at your last meeting. We've updated it somewhat. The key elements of it will be the promotional highlights piece and the ad campaign. In a meeting with Hung, we decided that those two pieces should be very complementary to each other, fit together as a unit. Then they will go towards promoting the public meetings subsequently. Karin, do you want to hand out the outline for the promotional piece that we're planning on doing. We have concepts for the ad campaign that would work together with that.

Briefly, we've provided a schedule of how the advertising would go. We'd also complement that with trying to get media coverage with a media relations campaign to fit together with that. So unless anybody has any questions about what is in the communications strategy, we can move on to the concepts that we've developed for it.

If anybody has any questions, first we can answer those.

MR. DOERKSEN: When you propose these kinds of themes and ads, do you test them with any kind of focus groups or anything?

MS TAYLOR: Not with this one; we haven't done that yet. We can still do it if that's something that is asked for. Where this came from -- and we'll hand out the ad concepts as well. Hung had asked for something kind of provocative asking questions about the fund, and then in consultation with the department staff they wanted us to move a little bit towards maybe rhetorical questions that we could easily answer, that were still slightly provocative instead of something that might set policy like: should we eliminate taxes through the heritage fund? That kind of thing. So that's where this came out of, and it's at the concept stage. Karin is going to explain

it more to you, but that's something that you need to understand. This is just a concept. We just got it from the ad agency yesterday. The Treasurer likes it, but we need to show it to you and get your feedback to move any further on it. There's no sense going ahead with it. So we'll hand out the ad concepts, and then Karin can go over that with you.

THE CHAIRMAN: Yes, Gene.

MR. ZWOZDESKY: Thank you. Shannon, I like the general theme of where this is going; i.e., it's somewhat provocative and might get a little more interest in it. I didn't know that we were sort of putting money straight from the heritage fund into putting fires out, literally, and that may be a graphic example. Obviously we're not. I mean, we put money into general revenues from the fund.

MS TAYLOR: Exactly.

MR. ZWOZDESKY: General revenues then get disbursed all over the place. It's a bit like the lotteries' discussion that is going on around Alberta right now, the VLT discussion, or whatever. Well, it's provocative all right. I just wonder if in here somewhere we make a general comment about what the general revenue fund is, because I would wager that the majority of Albertans probably don't know that terminology. I mean, it's general government operation that supports everything from health care to social services to putting out fires.

MS TAYLOR: Exactly. So you're thinking that we put out a better explanation of what that is.

MR. ZWOZDESKY: Well, I guess to sort of put it in context -- I'm just throwing this out -- I would suggest we at least think about making some comment on what the general revenue fund is.

MS TAYLOR: Right.

MR. ZWOZDESKY: Here you have the heritage fund, here you have the medical research fund, and here you have the trust fund.

MS TAYLOR: Exactly.

MR. ZWOZDESKY: You know, the use of the word "fund" within the word "fund" just might be a little bit -- it's certainly not misleading. It's a little bit complicated. When you're here every day dealing in government, as all of us are, we understand this in a different way, but in terms of communicating it out there, some statement about what the general revenue fund is and the fact that it is 13 point whatever billion dollars and that \$756 million comes to that fund from this fund might put it in some sort of context for them. I'm sure the first thing that's going to happen out there is that people are going to say: you mean the heritage trust fund is literally going out there and providing water to put fires out? I can just see it coming, you know.

11:43

MS BROWN: That's a bit of what we wanted to get across. That's how we wanted to get people's interest. Apparently there's a perception that the fund is a static thing, that it's just there for a rainy day. After I had my hour and a half lecture on what actually it is -- I was one of those severely normal Albertans that had that impression -- I thought: wow, this money really works. If we can communicate that to Albertans, to say that it buys glasses and it does

this and that and the other thing, then they would have a feeling that it's actually doing something for us instead of just sitting there.

MR. ZWOZDESKY: Well, sure. So to put that in a contemporary vein, it's sort of like: what has your heritage fund done for you lately?

MS BROWN: Exactly.

MR. ZWOZDESKY: Right. That's what we're trying to communicate out there. I just know from the committee meetings we've had and the phone calls we've had and the outreach tours that we've had that as good as those are, they tend to attract a relatively small group of people, the majority of whom are up to speed. But it's everyone else out there who perhaps isn't as well informed. That's maybe partly our fault for not explaining it differently or better or whatever, but the idea behind this is to let people know that their heritage fund is our heritage fund, and it's working for all of us in all these different areas.

MS TAYLOR: Exactly. So that's why we wanted to provide some concrete examples while still trying to elicit some response. For one thing, that was the direction given by the chairman of the committee, but that's also why we're here today to present it to you: because we don't want to go any further without having the committee feeling like it's a good idea. It's a drastic step away from what the ads were like last year.

MR. ZWOZDESKY: I'll just end by saying, Mr. Chairman, that of the three pages before us, the mock-up ads, the only one that causes me a little bit of concern is the one: "Did the Alberta Heritage Savings Trust Fund go up in smoke?"

MS TAYLOR: That's the other thing. We've sort of jumped into questions before Karin's had a chance to fully explain them.

MR. ZWOZDESKY: Oh, I'm sorry.

MS TAYLOR: These are not meant to be three different ads. These are three separate concepts. We need to pick one, so we wanted to get your sense of which ones you liked and which ones you didn't like. So that's good feedback.

THE CHAIRMAN: Before we go further, let's have Karin explain what these ads are for.

MR. ZWOZDESKY: Sorry, Karin.

MS BROWN: Oh, no problem. I think we've covered most of it. The primary purpose of the meetings, of course, is to inform Albertans about the heritage fund, and the primary purpose of the ad campaign is to inform Albertans about the meetings. But meetings are, you know, a little boring. Saving Albertans from natural disasters is very exciting. So if we can find a way that the heritage fund can contribute to saving Albertans from natural disasters and buy them glasses and make them feel good and improve their lives, then I think we show what all your hard work is all about.

The concept of the ad campaign is to illustrate the actual benefits that Albertans derive from the fund instead of boring them with details about investment strategies.

These three concepts are different ways that we can go, and we're looking for your direction on which one most appeals to you, which one makes the most sense, and which one you think people are going

to be interested in really. This is only the top layer. The campaign has two layers: one is this more general one to begin with, and the second one is more specific to the meeting areas.

THE CHAIRMAN: Thank you, Karin.

MS TAYLOR: Can we just say one more thing? The visuals are just something thrown in there; they're not the ones we're going to go with. The agency needs more time to come up with better ones. They just sort of placed something in there so you can see where a picture would go.

THE CHAIRMAN: Thank you.

Before I open the floor for the members of the committee to ask questions, I would like to explain a little bit where we were and how we got to this point. Over the summer Diane and Shannon and Karin and I met to review the public meetings that we had last year and to find ways to improve how we do things for the public meetings we'll have this fall. We found that the numbers for attendance at our public meetings last year were relatively low, and we'll try to improve that for this year.

Several ideas were kicked around the table. We think that the advertisement is an important component to attract people, to draw people to those meetings. We would like to provoke Albertans into thinking how they would like to see the fund help them. These are some of the concepts that the advertisement agency has worked on, so we can look at them, and we can focus today on the concept as to how we see this thing fit into our communication plan. The detail as to how the exact advertisement will look will be the next stage after today's meeting. Today we will only look at the concept.

One small thing that I need you to note, Karin, is that the advertisement will be paid for by this committee. It is not with Treasury; therefore on there should be the logo of the Legislative Assembly. It's going to be out of Treasury.

Okay. Ron.

MR. STEVENS: Thanks, Mr. Chairman. I think the idea of having an ad that attracts people's attention is a very good one, and just glancing at these and without having any expertise in the area, I think the one about going up in smoke would catch my attention. The one thing that the body of the ads tells me, though, is that there's not enough information there. I think it's more confusing in some respects than it is explanatory.

I agree with Gene's comment about the general revenue. I think what we're trying to tell Albertans is that you get something for \$756 million, I guess it is. That we provide services of importance to Albertans that make a difference to their lives is the message I think you want to give here. When I read this, the fact that it goes into Alberta's general revenue to me means nothing. I think that's something that we around this table understand, and I don't think the average Albertan needs to know that particular step. But what confuses me when I look at the what we get portion of this is: do those things that you're putting in there add up to \$756 million?

MS BROWN: Those things won't, no. In the companion piece we will construct many more of these that will add up.

MR. STEVENS: But that's just it. I mean, from my point of view, if you're going to tell people that \$756 million goes into the general revenue . . .

MS TAYLOR: We need to say something like: for things like, these kinds of things.

MR. STEVENS: Yeah. But my thought would be that we might want to make it clear as to whether this is just some of the things or whether this list represents about \$750 million worth of services that are provided to Albertans.

THE CHAIRMAN: That's a good point, because some people will take out a calculator and punch in a number and say: hey, they don't add up.

Victor.

MR. DOERKSEN: Thanks, Mr. Chairman. I have to agree with what Ron has just said. I, too, like the middle one, "Did the . . . Fund go up in smoke?" We have to avoid that direct correlation between the money and specific services because it's not accurate.

The other thing to note here is that while the fund does now provide revenue to the general revenue fund, it is in fact over time just becoming a fund where the revenue will not go into general revenue. So we have to be careful about that message too, because we are moving over a period of time to when it will just become a fund that earns and accumulates and builds on itself and the money will not flow back to general revenue. So if we make too big a deal of the interest that's flowing to the general revenue fund, in one sense we're miscommunicating the long-term plan for the fund. Do you follow me?

11:53

MS TAYLOR: Yeah, I understand what you're saying. At the same time we're looking at long-term planning, and if we're having public meetings and this ad campaign every year, it needs to have a different look and a different flavour.

MR. DOERKSEN: Oh, I like what you've come up with. Don't get me wrong.

MS TAYLOR: But I see what you mean, that we still need to make clear in all the companion pieces and things that we do that there is a long-term plan for the fund, that this may not be happening down the road.

THE CHAIRMAN: Also, one of the primary purposes of this meeting is to communicate to Albertans how the fund performed last year. It is also very important for us to stress that point. I understand what you're saying in terms of the long-term future of the fund but also in terms of the past year's performance, how the money earned from the fund was used. The public needs to be informed of that as well.

MR. DOERKSEN: I agree. The point I'm trying to make is that for most people this little ad is going to be the only thing that they remember about the heritage savings trust fund because they won't come to the meeting. In fact, this in effect becomes our communication piece telling them what the fund is all about. So if we communicate the wrong message, we've misled them.

MS BROWN: In an ad this size, though, we can only communicate really one message.

MR. DOERKSEN: I understand that.

MR. SHARIFF: A couple of things that I'd like to talk about. One, I like the concept that we should be using some key phrases to catch people's attention. One of the concepts that we've talked about over the last year is trying to bring this message to the personal level

whereby Albertans can understand that this is an ownership that they have, that this is a saving that is being generated from the revenues that directly impacts programs that are delivered in this province. So that ownership message is very critical.

The message that we send out will probably raise questions about how we prioritize funds to go to such programs or initiatives and when will my need as an Albertan be addressed in this funding allocation. Forest fires may be a big matter in areas where there were fires, but there are some parts of Alberta that didn't even see any smoke come through, so it's not personalized for them at the personal level or the community level.

I would like to see a message that lays out what we're trying to accomplish with this little message, and that is how the Alberta heritage savings trust fund affected me as an Albertan and how the \$932 million that was saved or generated from that fund directly impacted me as an Albertan. If somehow we can personalize it and build ownership around it, then I see myself as an Albertan understanding what it is. I agree with Victor. This is probably the only message that they'll get, because if you only have 30 people coming to a meeting out of 700,00 or 800,000 in large communities, this is the message that will go home. So we need to revisit that.

THE CHAIRMAN: Karin, you may consider something like this: without the fund your taxes may go up by \$600 a year.

MS BROWN: Actually, when I was looking for concrete things that we could put in here, I tried that angle, and the feeling in the department was that it wasn't a great enough sum to make a great enough difference.

THE CHAIRMAN: Really; \$756 million is 5 to 8 percent of the total budget for our province. That's a sizable chunk of cash.

MS BROWN: Is that a direction that you would like to go?

MS TAYLOR: If I can interrupt, I can tell you that it's not a direction that would ever happen, because we have a Treasurer and a Premier that have said that the taxes are never going up. So that would be a problem that I can see coming out of that one.

THE CHAIRMAN: Glen.

MR. CLEGG: Thank you, Mr. Chairman. I certainly like this Alberta heritage savings trust fund. I like that. I don't like when we take specific examples. I really don't. I think we've got to be general. I think people will read this and think: well, they put money into kindergarten, but they didn't give anything to the teachers from other classes. They'll pick all these things apart. I think we have to be general.

I like your idea of somehow working in that we could cut the taxes. Make it more general, because the minute you get specific, then people start picking it up. Make it general. You know, this is 6 or 7 percent that the government doesn't have to collect. One way or the other. Something more general. You know, people will say that bought so many pairs of glasses. Well, 90 percent of the children don't wear glasses. "What about us, me?" That's what they're going to pick out here. So we've got to be general in our statements.

This is wonderful because 90 percent of the people in Alberta think there is no heritage trust fund. Let's be honest with ourselves. They say: well, that must have been blown long ago. We just sit around here and we know and some people know, but I get questions all the time. "That heritage trust fund, it must be gone." Well, then

you explain it to them.

I feel that if we use that term "general" -- and Gene mentioned the general revenue -- then we can put in more general terms what that general revenue is rather than take specific things out, because they'll just pick those four items or any four items apart.

MS TAYLOR: I guess we should look for some consensus, because we're getting different messages from different members on what to do.

THE CHAIRMAN: At the end of the day we will try to summarize. Debby.

MS CARLSON: Thanks, Hung. I would like to pick up on some of the comments here, especially from Ron and Victor. The text of what you have here is in fact misleading. What's happened is that \$756 million has been transferred to Alberta general revenues, period. The fact is that some of those dollars may have been used for a variety of things, and you could list those things if you want to, but you can't say that it was transferred from general revenues for these items, because it's a pooled fund. That would be misleading people, and then they would be looking for your answers. So I think that while I understand you're looking for a very hard-hitting ad campaign that's going to grab people's attention and make them think twice, we have to be clear that we're giving a correct message.

MS BROWN: I think there's an easy way to solve that with wording to make it less specific and more specific in the right places.

MS CARLSON: Great, and I don't have any problem with the general direction.

MR. LOUGHEED: I'd like to concur with some of the members here, the second one, the fund going up in smoke, with emphasis on a "no" answer and comparison not to specific expenditures but perhaps revenues, like this was equivalent to revenues from conventional oil or something along those lines. I don't think, as has been stated many times, it looks quite right to specifically itemize a few things and so on or compare it to personal income tax revenues or some portion equivalent to half the revenues from some certain area or whatever. That kind of approach I think would be more appropriate. I like that kind of general approach.

THE CHAIRMAN: I think Rob just summed it up really beautifully. That is the consensus of the committee. We like the number two ad, "Did the Alberta Heritage Savings Trust Fund go up in smoke?" But we do not like the detail that we put in there, because it can be misleading. If somehow we can relate that figure, that total amount of money that the fund earned last year, relate it to revenue and relate it to the fact that it's working every day to help Albertans and keep them at a general level -- you can say that the fund helped to lower taxes, helped to pay for better education for people, helped to pay for a better health care system -- I think we will be okay. Is that clear enough for you, Karin, to take it away and then work with the ad agency to come up with a real ad next time?

12:03

MS BROWN: Absolutely.

MR. SHARIFF: Are we, then, giving direction that this is a message we want to send?

THE CHAIRMAN: There is the question of ads to grab people's



attention, and of course when they read further, they will see that no, no, it is not the case at all, that it's not going anywhere.

MR. SHARIFF: I'll go along with the group, although I'd prefer a positive message as opposed to a negative one. I'll go along with the group if you so choose.

THE CHAIRMAN: Thank you.

MS TAYLOR: I just want to make one point before we go. That does move it away from the ownership issue for Albertans that was brought up before. By moving more generally, we will be moving away from that. I have a feeling that we can't really have both.

THE CHAIRMAN: Actually, we can put it in there. We say that it is our heritage savings trust fund. Last year it earned \$902 million to work for us. It helped reduce our taxes. It helped improve our health care system.

MS TAYLOR: Oh, I understand that. People tend to identify more with the hard, concrete things. I have no problem with the direction that you're giving. I just want to make it clear to the committee that we can't go both ways with it. Some members had brought that up, so I wanted to clarify this.

MR. SHARIFF: The chairman had used one example, and I think it hits home to the average citizen. For some tycoons it may not be a factor, but a saving of \$750 in taxes for a taxpaying Albertan is a substantial amount for the average employee out there. To know that that is what we have saved individually in our contributions to the tax revenues I think is a strong message. We're not talking about increasing taxes, but it has saved \$750 per working Albertan.

MS TAYLOR: Okay. We'll take a look at that one with the department again.

THE CHAIRMAN: You can probably check with the Treasurer and see how many people actually pay taxes in Alberta, and then just take that \$736 million and divide it by that number.

MS TAYLOR: Again, that would be slightly misleading, as Debby had brought up. I kind of wish Robert was still here. He's the one that has a problem with the tax message, but we'll run it through the department and report back on where we go with that one.

THE CHAIRMAN: Okay. But today just the concept anyway.

MS TAYLOR: Yeah.

THE CHAIRMAN: I think that you go away today with the concept approved.

MS TAYLOR: Yeah, and we'll come back to you with where we go from there.

THE CHAIRMAN: I don't think that we will meet as a committee before the ads go out, but as soon as I have the ads from Shannon, I will send them to your office and ask for your input on those.

Is there any other communication plan that you want to talk about?

MR. SUSINSKI: Mr. Chairman, I was wondering: did you want for the sessions something like you had last year? We had 10 overheads with notes that took, I've got here, 15 minutes of dialogue from the

committee before questions. Is that what you wanted this year?

THE CHAIRMAN: We will use very much the same format as we did last year.

MR. SUSINSKI: Same format and update the slides you had last year?

THE CHAIRMAN: Yeah. We're going to have myself, two government members, one opposition member, like you. We will have Diane with us. Shannon and Karin are going to be with us, and of course one of the experts from Alberta Treasury is to be there. We'll use the same format with the slide presentation as we used last year.

MR. SUSINSKI: Okay. Thank you.

MS TAYLOR: I guess the only other thing that we talked about at our meeting, Hung, was that we would do an invitation letter. Last year, I wasn't at Treasury at that time, but Diane was telling us we sent out about 3,000 letters and had no response. This year the tack we're going to take is to give the MLAs in the constituency areas where the meetings will be held an invitation letter, sort of a template that they can personalize and send to the key people that they think would get people out. The personal approach, we find, is the best. We'll also provide an MLA column for anybody who wants to use it in the areas to promote the meetings and then outside of the areas to go along to further explain what we're doing with the ad campaign.

MR. STEVENS: One of the things I'd like to comment on just from a timing perspective is that at least as it relates to my area, that information comes out too late. I already have my MLA column into my community newsletters for October. I had that in at the beginning of September in my particular area, which is an urban one. I have an MLA column which appears in community newsletters. Because there's a large measure of volunteers, they run a month ahead, so for me to be able to effectively communicate through that particular vehicle, which is the only one I use because largely it's free and I can't afford mass advertising, I would need the information probably no later than the middle of August.

AN HON. MEMBER: October.

MR. STEVENS: No, the middle of August so that I can incorporate it into my MLA newsletter, which I give to the printer at the beginning of September for publication in October, which means that people might receive it by the middle of October. I need it effectively two and a half months probably before the meeting that you're talking about.

MS TAYLOR: Yeah. We'll have to talk about that for next year, because the dates weren't set until just in the past couple of weeks.

MR. STEVENS: I appreciate that, and I appreciate that may not be true of all of the folks who do MLA columns, but it's certainly true with respect to my area, and I would suspect that it's probably largely accurate for MLAs who use that vehicle in an urban setting.

THE CHAIRMAN: Okay. Before you run away, maybe what we should do is go to tab 5. There is the detailed communication plan with time lines and everything. Also, what we have discussed so far is the easy part, the concept. We are going to come to the actual

cost, how much these things will cost, so committee members may have questions.

For this year, for the committee members' information, we have a budget set aside. Total expenditure for the committee is \$68,377. Out of that, \$26,700 is set aside for advertising. That's roughly how much we spent last year, a little bit more, about \$1,000 more than we spent last year.

Karin, would you like to let the committee members know how much this ad will cost us?

MS BROWN: I think you are referring to the cost for placements in the newspapers throughout Alberta?

THE CHAIRMAN: Yes.

MS BROWN: The estimate that we've had from the media buyer to reach all Albertans is approximately \$48,000, which is much more than you've spent in previous years. I don't know what the actual breakdown was for the media that you purchased last year, but I do understand that the turnout at the meetings was quite poor. Also, in order to get coverage, in order to reach all those people, you have to use all the weekly newspapers in the province and all the daily newspapers, and that's how much it costs.

THE CHAIRMAN: Diane, would you like to tell the committee how we advertised last year?

MS SHUMYLA: Last year we placed ads in the major newspapers like the *Edmonton Journal*, the *Edmonton Sun*, the *Calgary Herald*, and the *Calgary Sun*, as well as in the weekly newspapers in the areas where the meetings were held, such as Peace River and Medicine Hat.

THE CHAIRMAN: You know, we have to make a decision today as to how much we are going to spend on advertisements. We can certainly do the same thing we did last year and keep the cost at the \$26,000 level, or we can do an extensive ad program, as recommended by Karin, and the cost would be \$22,000 more.

The question that we have to ask is: is it worth it to spend an extra \$22,000 to keep Albertans informed about the heritage saving trust fund? Is that money well spent? Should we spend that money?

12:13

MR. SHARIFF: Do we have access to that \$22,000?

THE CHAIRMAN: Yes, we can. If it is the wish of the committee to spend extra money, we will go back to the Members' Services Committee of the Legislative Assembly and ask for additional funds of \$22,000.

Glen, I saw your hand up.

MR. CLEGG: Yes. Thanks, Mr. Chairman. I went over this list. I don't know how much this committee wants to advertise that there's still money in the heritage savings trust fund, but the fact is that to do any advertising for a meeting at Fort McMurray or Edmonton, in my total area I will guarantee you there won't be one soul. I talked a little bit differently last year. We sent out 3,000 letters, and I personally sent out about 30 letters. I think we had six people in Peace River, and it happened to be the mayor and one of the councillors, and they went just because we had it in Peace River.

If we want to advertise provincewide on what the heritage trust fund's doing -- but if you're talking about meetings, there's nobody in the Peace River block who's going to go to Fort McMurray or

Edmonton for a meeting. So it's a total waste of dollars. If we are talking about trying to get the message out there, then that is a totally different thing. I personally would like to cancel the last third of this page, anything in the Peace River block, because I guarantee you there's not going to be one soul ever go, and it would be just insulting to those people to say: well, if you want to find out more about it, come to Fort McMurray. It's 800 miles from our area to Fort McMurray. I know Debby will be at every meeting, but I don't think people, even if Debby's there, will go.

MS TAYLOR: Can I just comment on that? The blanket advertising campaign will not be promoting the meetings in the separate areas. There'll be separate ads in those areas promoting the meetings. There are two different objectives here: one is to inform Albertans through the ad campaign, and the second is to promote the public meetings. So if we don't do anything in the other areas, those people don't find out anything until a meeting comes to their area one day down the road. So that's why we're recommending this as just informational.

THE CHAIRMAN: For your information, Glen, if we pick the option that we did last year, we spend \$26,700 and only run the ad in the areas where we are going to have meetings. If we are going to do the ad program recommended by Treasury communications, then there are going to be additional ads placed in other areas, in your area for example, which will not promote the local meeting that we'll have in Fort McMurray. That is a very well-made point, because I agree that people there will find it insulting having to go 800 miles to Fort McMurray.

MS CARLSON: I don't support increasing the budget over last year. I think it's just too much money to spend for too few people, taking a look at the results. I think if we advertise in the areas that we're going to be in this year, I'm satisfied with that. I don't think this committee should go back to Members' Services and ask for more money. I understand that we are trying to reach an objective of letting people know what's going on there. I think we should be encouraging all MLAs to be sharing that information in their community newsletters and through other kinds of venues that would have more active response to it. I think a one-shot hit in the newspapers saying, "Here's some more information about what the heritage savings trust fund does," is money thrown away.

MR. ZWOZDESKY: I would support what Debby is saying. I've been known to agree with her in the past, and I certainly agree with her now. The fact is though, just to very quickly summarize what I'm sort of hearing here, that we'll put out one major ad in each of the four major Alberta dailies which publicizes all the locations, and that should include date, time, and place if possible. That tells everybody -- I know Peace River gets the *Journal* and the *Sun* and so does Okotoks, so people everywhere will know that.

But the concentration should be at the local level of where we're going. If we're going to Fort McMurray, then let's make sure we saturate Fort McMurray. You know, you've got *Fort McMurray Today* or whatever it is, which I know you're aware of. Then there's the local chamber of commerce there. I mean, you could print these generic posters, if you like, for the heritage fund, and we can write it in by hand. That goes over well in Sangudo. You paste them up in the local grocery stores, you get the local people to put them up in their businesses, and then you get an awareness happening on a saturated target-market basis where you have a chance of attracting somebody. I mean, not only is nobody from Peace River going to think of coming or probably ever wants to make the trip from there

to Fort McMurray for this purpose, but you won't get people from Lac La Biche going two and a half hours up. They just won't. So if we just saturate the local area.

THE CHAIRMAN: Karin, can you make note of the idea of making a poster and posting them at the local stores. That is a good one. I like that idea.

MS TAYLOR: Can I comment on that though? We discussed that, actually, at our meeting and took it out of the communication strategy because we were told that getting support from the MLAs was very difficult, that we'd print posters that never got put up anywhere. Because we can't physically go to the Safeway stores in Fort McMurray, et cetera, and post things up, we need to rely on that to get done by somebody or pay somebody to do it.

MR. ZWOZDESKY: But we do have contacts in all of those areas, which are in some cases government offices, and I'm sure we could get some co-operation from somebody or from the local chamber of commerce or the town council to take something to a local store. I mean, a lot of us know these people on a personal basis. If we're going to Fort McMurray, I know I can phone two or three people there, send them two posters each, and say: I want this poster put up somewhere. You know, write it out by hand, and I know it will be done, but I would think we have a more sophisticated way of doing that. So I wouldn't necessarily agree that it can't be done.

MS TAYLOR: I'm just telling you what the feedback to us was and why we took it out of the communications plan.

THE CHAIRMAN: Gene, you could be in charge of distributing those flyers. You will be responsible for making them up.

MR. ZWOZDESKY: I have no problem with that either. I just see a big white poster that's got sort of a -- what are our colours? Blue for the heritage fund?

THE CHAIRMAN: Blue and orange.

MR. ZWOZDESKY: You know, the heritage trust fund . . .

MS CARLSON: Are you used to it yet, Gene?

MR. ZWOZDESKY: I don't know, but we have colours for the heritage fund. I think it's blue; I'm not sure.

MR. STEVENS: I think it's really important that we put on the record that this is not a reflection on the MLA for Fort McMurray.

MR. ZWOZDESKY: Oh, sorry. Well, there you are. You've got Guy Boutilier. Right. Of course.

MR. LOUGHEED: I'd just like to comment that my perception, being in an area adjacent to a major city and having both the dailies and the weeklies, is that weeklies give a great deal more information to the residents than do the dailies. If the function and the purpose of the advertising is as much to advise residents and Albertans about the heritage trust fund status, then we're accomplishing much more to put it in the weeklies, where they're more likely being read more intensively. The per ad response relative to the population, I believe, is significantly greater than we will get from the dailies, and to exclude those people is inappropriate I believe.

THE CHAIRMAN: So you favour putting it in the daily for the big cities and the weekly for the others?

MR. LOUGHEED: If necessary perhaps excluding the dailies, just putting it in the weeklies. I believe that is as valid an approach as the converse.

THE CHAIRMAN: I think that reflects the difference between rural and urban.

MR. LOUGHEED: I view my constituency as a composite of both.

THE CHAIRMAN: In Calgary they read the daily; they don't read the weekly.

MR. DOERKSEN: I don't know. I would bet that some of the weekly papers in Calgary and Edmonton are better read than some of the dailies, more thoroughly.

MR. LOUGHEED: "Thoroughly" is the key word.

12:23

THE CHAIRMAN: So I guess the consensus of the committee is to spend the same amount of money that we spent last year?

SOME HON. MEMBERS: No.

THE CHAIRMAN: No? Okay. So now we have two options. Spend more money, as recommended by Karin, to run more advertisements not only in the big cities but in other communities as well outside of Calgary and Edmonton and outside of Fort McMurray and Lethbridge to keep Albertans better informed about the fund: that's the first option, to spend \$48,800. The second option is to do it the same as we did last year: to run the advertisement only in Calgary and Edmonton and the two cities that we are going to go to, Fort McMurray and Lethbridge.

So for the first option . . .

MS CARLSON: There's a third option.

THE CHAIRMAN: A third option?

MS CARLSON: It's to go to the weeklies in the major cities. Still spend the same amount of money as we did last year, but go to the weeklies as opposed to the dailies. So in Edmonton that would be the *Examiner*. I don't know what it is in Calgary, but there must be one.

MR. STEVENS: We have a couple.

MS BROWN: The ad rate in the *Examiner* is actually higher than the *Journal*.

MS CARLSON: Okay.

MR. SHARIFF: If I could say something, Mr. Chairman. I think we have been grappling for the last year with the whole notion of: how do you get this message out to the average Albertan? The concern we've had is that turnout has been low, so the message is going through the ad that's going to be put in the papers. Now, we've also talked about ownership and people understanding what this fund is doing for them. Another \$22,000 I believe is not too much. This is a \$932 million story. If we spend \$22,000 extra to make sure that

every Albertan knows what this money is doing for them, I don't think it's an outrageous amount. We should seriously consider spending the \$48,000, get the message out. Not only that, but also include in that ad who to contact if they want additional information and have a package that could be sent out to them.

MR. STEVENS: Shannon, is there any way to reasonably measure the success of spending more money?

MS TAYLOR: Last year we kept track of -- and we could try and find out where the calls came from. We do include the phone number and then send out the promotional highlights piece to the people that phone in and ask for it. I can tell you that studies have been done. Rob is right that weeklies are more thoroughly read. They're treated more like magazines, where they lie around and extra people read them, compared to a daily, which gets thrown out at the end of the day. So there is more value in the weekly papers for informing those residents.

MR. STEVENS: What I hear is that first of all we have a mandate to get the message out. I also hear you say that if we do spend more money, we have an opportunity to measure whether or not there is some success in that. While I'm fiscally conservative by nature, it seems to me that the mandate of our committee does dictate that we have to do something to get the message out. I hear what Rob is saying, and I've heard that before as a result of being involved in other discussions.

So my sense of it would be that it may make some sense to spend the money, but I think what we have to do is make a concerted effort to measure whether or not that extra money spent does in fact produce some kind of result. If it does, then we can justify it. If it doesn't, we'll have that information for next year when we go forward with this discussion again.

MS TAYLOR: We could do a report to wrap up at the end.

MR. LOUGHEED: Perhaps it's adding to what's already been said in several ways, but it's my understanding that we did not use the weeklies last year except in the two areas that we went to outside of Edmonton and Calgary, and we saw very little response. I certainly heard virtually nothing last year. So it does seem that the weeklies may be worth while trying, examining how it works, as Ron said as well, to see what the results are.

MS CARLSON: I'd like some clarification on what spending the extra money means. Does that mean to go with the advertising plan as laid out here, or does it mean to measure what we did last year in terms of using the dailies as compared to what we would do this year using weeklies?

THE CHAIRMAN: Karin, I understand that with the \$48,800 you would be able to do two things; right?

MS BROWN: Right.

THE CHAIRMAN: Run the advertisement in the local daily in Calgary and Edmonton.

MS TAYLOR: I believe that's all nine dailies; isn't it?

MS BROWN: Yeah. That is all nine dailies.

THE CHAIRMAN: All nine dailies. And also run a weekly ad in the

areas where there is no daily. Is that correct?

MS BROWN: Yes.

MS CARLSON: If that's the proposal, I'm still opposed to it. I can't believe I'm the fiscally conservative person around this table, you guys. Come on. Give me a break.

MR. SHARIFF: Debby, it's about informing Albertans.

MS CARLSON: I know, but useful dollars.

THE CHAIRMAN: Can you explain a little bit about how that \$48,000 will be spent?

MS BROWN: The campaign is developed to have two levels. One is general, that the heritage fund is out there and it's doing good. The second level is that the heritage fund is out there and you can come and hear about it at this meeting. The general ad will be put into papers two weeks prior to the meetings, both in dailies and weeklies. The more specific ad about each meeting will be placed in the weeklies and dailies in the areas where the meetings take place one week prior to each meeting.

MR. DOERKSEN: Well, I'm actually with Debby on this one. I think we should stick with the same budget. We should try the weeklies for a change. We've never tried that. Give it a shot. Keep it out of the dailies. We didn't get any results last year from having it in the dailies. If it doesn't work this year, then we try something different next year.

MR. SHARIFF: It depends on how you measure results. If it's only attendance, then I agree with you. But if it means keeping people informed, if I as an Albertan read this ad and am satisfied with what I am reading, I don't need to attend your meeting.

MR. DOERKSEN: Okay. But my point is that by having it in the weeklies, you get all Albertans, because everyone gets a weekly newspaper, I would bet. So you're actually hitting a bigger audience.

THE CHAIRMAN: Can I ask for Shannon's circulation numbers? Do you know how many weeklies they print?

MS TAYLOR: The weeklies don't hit many people in the two urban centres, Calgary and Edmonton. They're not delivered to the door of every home in the city. For myself personally, for example, I have to seek out an *Examiner*, which I do, and it's often hard. With my job, I have to.

The other point I'd like to make is that we can't say they weren't effective, because we had hundreds and hundreds and hundreds of the annual reports sent out and phone calls in to ask for information about them as a result of the ad campaign. So because a limited number showed up at the meetings, we can't say that the ads weren't effective. We had hundreds and hundreds of calls.

MR. DOERKSEN: Have you got a breakdown of where those came from? Did they all come from urban areas, or did they come from rural?

MS TAYLOR: We'd have to check and see what we have left on that, but there was a mix from both the urban and the rural. It certainly didn't seem to be one or the other at the time.

MR. SHARIFF: Just going back to Victor's point. I'm looking at the weeklies and the dailies, and I'm just reflecting on the Calgary papers. The *Herald* publishes *Neighbors*, and I think the *Sun* publishes the *Mirror*. So anybody buying the *Herald* or the *Sun* will get a *Mirror* or *Neighbors*. As far as I'm concerned, that's as good as a daily because it'll hit the same household, and we could save that same amount by not doing the dailies and doing the weeklies. It would meet the same objectives.

MS CARLSON: Yeah. I support that.

MR. SHARIFF: I'd be okay with that.

THE CHAIRMAN: Actually, if you look at the budget for the committee, the total budget for our committee is \$68,377. We may not spend all the money we have on the committee, because I am sure we will come under the amount of money we set in our budget to pay Members of the Legislative Assembly. We have to step back one step and look at the mandate of the committee. One of the very important mandates of our committee is to keep Albertans informed. I will have a tough time if we look at increasing the budget for our committee to pay for our salaries or to do things for ourselves. But if we're looking at ways to communicate better to Albertans how the fund is performing, all of us agree on one thing: many Albertans today are not aware of the heritage savings trust fund and how well it's doing, how well it's serving them.

12:33

I like Ron's idea that when we spend additional money, we'd like to see some accountability built in there. If we can convince ourselves that we are getting something for the additional dollars that we put in, then that's a good thing. The idea of saving money by scaling it down and using the weekly newspapers only, hoping that it will get to as many Albertans as possible, is an option. We're not ruling it out. We have to ask ourselves the question. That \$22,000, compared to the size of the fund, compared to the total revenue the fund returns to Albertans, is almost insignificant. Our goal is to keep Albertans well informed. So anything we can do to achieve that goal I think is good.

Anyway, we have in front of us the three options that we can vote on. Number one is to spend the same amount of money that we spent last year except that we look at running the ad in the weekly newspapers instead of the daily newspapers. That's option number one. How many of you are in favour of that?

MS CARLSON: I need some clarification please, Hung, before I'm prepared to vote. You're asking us to make some decisions in a vacuum of information. We don't actually know what the distribution is for the dailies in this province in the urban centres or the distribution for the weeklies. My understanding is that in Edmonton the *Examiner* goes free to more than 85 percent of the households. I'm not sure that those same households also are subscribers during the week to the dailies. So it's hard for us to make an informed decision here when we don't actually know who it is that's being targeted by these decisions. In the absence of that information -- and I think I'm with Shiraz on this -- I'm fully supportive of the information being put in the weeklies throughout the province and targeting the local areas, those areas where the meetings are going to be. If that means increasing the budget to accommodate that because the costs are higher, then I support that. But I don't support an additional \$22,000 without having more information.

THE CHAIRMAN: Okay. So you're in favour of running them in all of the weeklies in the province.

MS CARLSON: Yes.

THE CHAIRMAN: If that requires more money than last year, then you approve that.

MS CARLSON: Absolutely.

THE CHAIRMAN: Okay.

MR. STEVENS: If I could just ask a question so that I'm absolutely clear. Regardless of what option we pick, are we going to be able to compare results from this year to last year in some meaningful ways?

MS TAYLOR: Yeah. We can check back. We're in a position where the entire staff in our branch are new from last year, but we can find what records we have.

The other thing we're building in this year that will make it even more effective for comparing in years to come is that in the promotional piece there is a questionnaire to get feedback from Albertans on what they think about what they're getting, what other things they'd like. So we're starting to build those mechanisms in now.

THE CHAIRMAN: Option number one: spend as little money as possible to run the ad in all of the weekly newspapers in the province with the concept approved earlier by our committee.

MS TAYLOR: Would you like us to do some research beforehand?

MR. SHARIFF: There won't be another meeting.

MR. DOERKSEN: May I suggest we try it and see. I'm not in favour of going back to the Treasurer or anybody else asking for an increased budget, but if we spend more on advertising than we did the previous year, that's fine as long as we don't exceed our total budget. So as long as we stay within the budget constraints that we have and focus on the weeklies to the extent possible within that budget, then we'll go for it.

MS CARLSON: I support that.

MR. SHARIFF: We're looking at \$8,000 more than last year.

MR. DOERKSEN: As long as we stay within our budget.

MS CARLSON: I support that, and then we track the results.

MR. SHARIFF: The dailies are \$14,000, and the total would be \$22,000, so there's still going to be an increase of \$8,000 compared to last year.

MS CARLSON: Yes. I understand that.

MR. DOERKSEN: My point is that we have a budget allocated to this committee, and I would not wish to go back to the Assembly asking for more money in that budget.

THE CHAIRMAN: Okay. I'm sure that we will have enough money in our budget to do that. So you have our permission to go ahead

with the weekly newspapers.

MS TAYLOR: Okay.

THE CHAIRMAN: Okay. Good. All agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Is there any other business?

MS CARLSON: I have one question. Do we have times yet when those meetings will be in terms of evening or afternoon meetings? Do I have to read through my entire schedule now?

THE CHAIRMAN: It's under tab 5.

MS CARLSON: It has dates but not times.

THE CHAIRMAN: It'll be in the evenings, from 7 to 9.

MS CARLSON: They're all evening meetings. Okay. Thank you.

THE CHAIRMAN: Seeing no other questions . . .

MR. DOERKSEN: I move to adjourn.

THE CHAIRMAN: Victor moves that we adjourn.

HON. MEMBERS: Agreed.

THE CHAIRMAN: Any opposed? That's carried.

[The committee adjourned at 12:40 p.m.]