



Legislative Assembly of Alberta

The 29th Legislature
First Session

Standing Committee
on the
Alberta Heritage Savings Trust Fund

Tuesday, September 22, 2015
9:30 a.m.

Transcript No. 29-1-2

**Legislative Assembly of Alberta
The 29th Legislature
First Session**

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

Miller, Barb, Red Deer-South (ND), Chair
Nielsen, Christian E., Edmonton-Decore (ND), Deputy Chair

Cyr, Scott J., Bonnyville-Cold Lake (W)
Ellis, Mike, Calgary-West (PC)
Malkinson, Brian, Calgary-Currie (ND)
Miranda, Ricardo, Calgary-Cross (ND)
Piquette, Colin, Athabasca-Sturgeon-Redwater (ND)
Renaud, Marie F., St. Albert (ND)
Taylor, Wes, Battle River-Wainwright (W)

Office of the Auditor General Participants

Merwan Saher	Auditor General
Brad Ireland	Assistant Auditor General
Jeff Sittler	Principal

Support Staff

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

Standing Committee on the Alberta Heritage Savings Trust Fund

Participants

Ministry of Treasury Board and Finance

Aaron Brown, Director, Portfolio Management, Capital Markets

Lowell Epp, Assistant Deputy Minister, Treasury and Risk Management

Darcy Scott, Public Affairs Officer, Communications

Alberta Investment Management Corporation

Darren Baccus, Chief Client Relations and Legal Officer

Dale MacMaster, Chief Investment Officer

9:30 a.m. Tuesday, September 22, 2015

[Ms Miller in the chair]

The Chair: Good morning, everybody. I'd like to call the meeting to order. I'd like to welcome everyone here today.

I would like to ask committee members and all other attendees around the table to introduce themselves for the record. Mr. Ellis and Mr. Taylor are participating by teleconference, and I invite them to introduce themselves.

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

The Chair: Thanks, Mr. Ellis.

Mr. Taylor: Wes Taylor, Battle River-Wainwright.

The Chair: Thank you, Mr. Taylor.

Mr. Nielsen: Chris Nielsen, MLA for Edmonton-Decore and deputy chair.

Mr. Cyr: Scott Cyr, Bonnyville-Cold Lake.

Ms Renaud: Marie Renaud, St. Albert.

Mr. Piquette: Colin Piquette, Athabasca-Sturgeon-Redwater.

Mr. Scott: Darcy Scott, communications branch, Treasury Board and Finance.

Mr. Baccus: Darren Baccus, AIMCo.

Mr. MacMaster: Dale MacMaster, AIMCo.

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

Mr. Brown: Aaron Brown, Treasury Board and Finance.

Mr. Sittler: Jeff Sittler, Auditor General's office.

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

Mr. Saher: Merwan Saher, Auditor General.

Ms Dean: Shannon Dean, Senior Parliamentary Counsel and director of House services.

Mr. Malkinson: Brian Malkinson, MLA, Calgary-Currie.

Ms Dotimas: Jeanette Dotimas, LAO communications.

Ms Sorensen: Rhonda Sorensen, manager of corporate communications and broadcast services with the LAO.

Mrs. Dacyshyn: Corinne Dacyshyn, committee clerk.

The Chair: Barb Miller, Red Deer-South, committee chair.

All of the meeting materials were posted to the internal committee website last week.

A few housekeeping items to address before we turn to the business at hand. Microphone consoles are operated by the *Hansard* staff. Please keep cellphones, iPhones, BlackBerrys off the table as they may interfere with the audiofeed. Audio of committee proceedings is streamed live on the Internet and recorded by *Hansard*. Audio access and meeting transcripts can be found on the Legislative Assembly website.

Has everybody had a chance to review the agenda? If so, I would ask someone to make the motion that the agenda for the September

22, 2015, meeting of the standing committee on the heritage trust fund be adopted as circulated.

Mr. Malkinson: I move that we accept the agenda.

The Chair: All in favour? Any objections? The motion is carried.

Does everybody have a copy of the minutes? Could I get a motion that the minutes of the June 25, 2015, meeting of the Standing Committee on the Alberta Heritage Savings Trust Fund be adopted as circulated?

Mr. Piquette: I so move.

The Chair: All in favour? Anyone opposed? Carried.

The Alberta heritage savings trust fund first-quarter report for 2015-16 was distributed to all members of the Assembly in August. The Alberta Heritage Savings Trust Fund Act indicates that one of the functions of the committee is to review and receive quarterly reports on the operation and results of the operation of the heritage fund. We're pleased to have Mr. Lowell Epp and Mr. Dale MacMaster here to assist us with our review.

Mr. Epp.

Mr. Epp: Thank you, Madam Chair, and good morning to all. As always, it is a pleasure to be here, and I'm happy to present the results of the first quarter for the heritage fund this morning. I'm here on behalf of Minister Ceci, who is quite busy with certain other tasks and sends his regrets.

As noted by the chair, this report was made public on August 31 as a part of the government's first-quarter update. I will go over briefly some of the highlights from the report, and then I will turn it over to Mr. MacMaster for some comments from our investment manager. Certainly, I will be willing to take questions after that.

If you open to the highlights page, page 1, you will see that the fund now has a value of \$17.7 billion. It earned 0.2 per cent during the quarter and earned \$453 million in net income during the quarter. You can see the asset mix and the market value. You'll note that the market value is down about \$200 million and that the rate of return, which is positive but only slightly so, seems to contradict the \$453 million in earnings during the quarter. Now, \$453 million in earnings during the quarter is quite good. The difference in those two is that the rate of return is based on a market value number, all market values, whereas with net income there are differences when income is realized for accounting purposes. It is assumed from market value return calculations that market values are reflected immediately. They are not reflected immediately for accounting purposes.

If you turn to I think it's page 6, you'll see in the statement of remeasurement gains and losses that during the first quarter the unrealized loss on investments was \$366 million. That's not in income yet. Should we realize those losses, should the market value not recover on those, at some point in time those will flow through income. Now, the total accumulated remeasurement gains are 2 and a half billion, so there are more gains sitting there than losses. In fact, what happened was that the gains fell during the quarter.

A comment on the 0.2 per cent return. Now, that's not a very good return, especially considering what's happened in recent years, by all means, but if you look further, on to page 2, you will see in the top line of the table that the total fund earned 0.2 per cent. The benchmark return during the quarter was negative 1.1 per cent. The value added by my colleagues to my left here was 130 basis points, 1.3 per cent over the benchmark, which is a very good quarter. The markets, in general, didn't provide a good environment to earn a good return, and that's the biggest determinant of returns,

but AIMCo's value-added management certainly took us from a slight negative to a slight positive, so I'm very pleased with that.

You can see other details. I'm not going to go into the actual specifics of asset classes, but I would note, you know, that with the low return we had this last quarter, the second quarter to date, since June 30, hasn't looked a whole lot better, so don't expect a better report in the second quarter unless something dramatic happens in the next – well, what are we at? We're on the 22nd – eight days.

9:40

Just as an example, I took a look this morning, and the TSX composite index is down about 7 per cent so far this quarter. Equity markets around the world are down. Now, luckily for us, if you want to call it luck, the Canadian dollar has also been weaker, so some of those negative foreign market returns will be offset somewhat by the weak Canadian dollar, and they won't be as bad as they would be in their local currencies. The reason I bring this up is simply to point out that we are not invested for the short term. We are not invested to maximize quarterly returns. We're invested to maximize long-term returns, and we fully expect that at times we will have low returns or negative returns. The fund is invested knowing those things and knowing that to maximize long-term returns, you have to take some volatility.

That concludes my remarks, and I will pass it over to Mr. MacMaster.

The Chair: Thank you.

Mr. MacMaster: Thanks, Lowell. This might sound a little repetitive, but I'll go ahead anyway. The first quarter was interesting, a 0.2 return versus minus 1.1 for the market. But, you know, we like to focus more on the long-term results, and as I look at the heritage fund results over longer periods – for one year, 10.3; for two years, 13.7; for three years, 13.5; for four years, 11.9 – I mean, these are really good returns. They're very good nominal rates of return, and the relative return is pretty good, too.

As I look at the four-year return, it looks like we were able to add about 80 basis points in value over that, and that gets to our role at AIMCo, what I try and do, and that is taking our asset mix and trying to add value over what you'd get in the listed benchmarks, so a passive return. My job is to add value over that, so when I look at those returns, I see, number one, that the returns are great, but we've also, I think, done our job in terms of adding value, and that's a lot of value, too. I would caution you that it's not always going to be that good, unfortunately. There are ups and downs in the market.

That gets to the second point I really want to highlight here. We've been in a period of an extraordinary market environment for a number of years coming out of the credit crisis in 2008 and 2009. It's been the longest bull market in the post World War II period, and in fact we haven't had a decent correction in about four years. Typically we would see a correction. I'm talking about equity market correction, which I'm sure you're reading about. About every 18 months we would expect to see, you know, a 5 to 10 per cent correction. We haven't had one in four years, since 2011, so it's long overdue.

You've probably been reading in the press about some of the things that have been driving market volatility, and it really comes down to about four, I would say, that the market is focused on at this time. It's, you know, oil and the price of commodities generally, what's happening in China, the focus on the federal reserve in the U.S. and interest rate policy – are interest rates going up, or are they staying the same? – and there's one other, Greece. Oh, yes, I forgot about Greece. It's so yesterday, but it certainly captivated our attention in the spring.

All of these four items have created a certain amount of volatility in the market. It kind of peaked with China's devaluation and the stock market correction, intervention on the part of officials there that, you know, played on investors' psyche, and we saw a correction. I don't think we're through it. I mean, as Lowell pointed out today, we see more downside in markets.

Now, I will tell you about your portfolio and what we've done. I think we're in pretty good shape. In the early part of the summer we got quite concerned about what was happening, so we reduced what was an equity overweight to a flat position. In other words, we took risk off the table, anticipating that we might see a correction. So that was good. We've continued to add value. You know, there's one thing that I can't control, and that's the absolute returns that you get. We were provided with an asset mix, and markets go up and down. We'll do our best to outperform that, but we can't control the outcome.

We've been through such a long period of extraordinary returns. I think that if you look back in four years' time at the four-year annualized return, it'll probably be single digits if we're lucky. So we won't see these double-digit returns that we have enjoyed in the past. It's a function of a number of things, but, number one, it's just mathematics. Interest rates are low and can't go any lower. You've probably heard that rates are at zero, in fact negative in many jurisdictions, so it's just a function of an asset mix that is 60-40 or 50-50, and that end of it has a very low return.

We've enjoyed above-trend returns in equities. If you look at the long-run historical returns of equities, you know, we're well above that. Unfortunately, it's a reversion to the mean that we should expect.

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

The Chair: Thank you.

Does anyone have any questions? Chris.

Mr. Nielsen: Thank you, Madam Chair. Thank you for that report. I really appreciate it. If I understand that what you're saying is correct, then our fund is sort of stabilized right now. We're not really losing anything, but we're not exactly gaining anything either. Am I correct in what I'm saying there?

Mr. MacMaster: Yes. You know, AIMCo continues to add value year to date. We've continued to build on that. Absolute returns, you know, are going to be, I would imagine, lower this year, although I don't have a crystal ball.

Mr. Nielsen: Okay. I guess I'd be asking you to rub that crystal ball here a little bit. Do you sort of maybe have a guesstimate as to when we might start to see things pick up and see some gains any time in the next couple, three years?

Mr. MacMaster: Well, that's really difficult to say. We really haven't had, you know, a significant correction yet. I mean, we've gone, you know, as Lowell pointed out, seven, eight, probably single-digit drops.

But if you look at the factors driving this, we haven't really resolved any of them, have we? I mean, if you think of Greece, they've kicked the can down the road. There is no question that growth in China is slowing, and for all the intervention we've seen in terms of central banks easing and flooding the markets with liquidity, we really don't have very good global growth. In fact, every time I turn around, we're revising global growth lower. We have this year 25 or 26 central banks lowering rates once again and providing more liquidity, yet, you know, this growth remains elusive.

So we haven't solved that either, and quite frankly for Alberta and Canada commodity prices are a challenge, and they're even more challenging in a low-growth world. Unfortunately, a lot of these major, big-picture, macroeconomic factors just have not resolved themselves.

Mr. Nielsen: So we're still waiting for that other shoe to drop to see what kind of impact that's going to have on us?

Mr. MacMaster: I would actually prefer, although it's painful, to have something a little shorter and sharper, to get it out of the way, to create some value in the market again, where we can be active and buy high-quality assets at lower prices.

Now, one of the advantages that we have, of course, is the luxury of time, patience, and evaluating investments over the very long term, unlike many of our competitors in the market that suffer from short-termism. So when we evaluate some of these liquid investments that you're invested in, including real estate, infrastructure, we're evaluating risks, returns, and opportunities over decades. In this kind of environment, if it gets worse, capital will disappear, and we can emerge to find opportunities that are less competitive.

One of the challenges that we've had over the last few years is the fact of too much money chasing deals, you know, thanks to this deluge of liquidity, so the expected returns have collapsed as people have paid up. You've seen this probably in real estate, with cap rates, which are a measure there, having fallen as people bid up real estate, and it's the same thing in infrastructure.

So the benefit of having some volatility is that it shakes out the weak hands, right? It shakes them out of the market, and then the long-term investors who have the discipline, the capital, the long-term focus can step in and buy assets at attractive prices, and that's what we want. I mean, that's what we'd really like to see. Think of it as short-term pain for long-term gain. If you look at your returns on a longer term basis, they include the credit crisis, which is a painful period, but ever since then we've had these double-digit returns. That sort of explains how I like to see it.

9:50

Mr. Nielsen: Thank you, Madam Chair.

Mr. Malkinson: Mr. MacMaster, you talked earlier about – the last time we had a meeting it was the Greek crisis that was top of mind, and this time, more recently, you know, we've heard about some problems in the Chinese stock market. I was just wondering if you'd elaborate on what our exposure is to China and that volatility in the Chinese stock market and how it might affect the fund.

Mr. MacMaster: Sure. We really don't have any direct exposure to China. Of course, our exposure is, you know, second and third degree, right? China's stock market falls, and emerging markets suffer, and it carries right through all areas of the market. The thing about China is that yes, it's there; it's a concern. But keep in mind that we're investing – there are always concerns, right? It wouldn't be investing unless there was some fear and greed – right? – because those are what drive the markets.

The press has made a big deal about China, but quite frankly, as I look around the world, I mean, China at least has the balance sheet and the wherewithal, the firepower to do something about it. Its debt to GDP is, you know, 20 per cent, 25 per cent, so they have a very strong balance sheet and resources to throw a lot at this. Quite frankly, they've got a lot of room for error, and they've managed and stickhandled their way through the last 10 years pretty well as that economy has emerged from an agrarian to a more consumer-led and export economy. They've done a pretty good job.

The other thing to keep in mind, too, when you talk about the Chinese stock market is that it was up about – I don't know – 150 per cent, and then it dropped 30 or 40. Unlike developed markets, too, only roughly 3 per cent of Chinese nationals actually own stocks. Most of the stock is actually held by the state-owned enterprises, which are vehicles of the government, so it's not going to impact consumer behaviour in the way that it would in North America, you know, if you see your net worth decline. So that impact is mitigated there.

The other thing is that, you know, although we don't invest in China, we have external managers, who provide other services for us and for you, that have great intelligence on the ground in China. We're comforted by some of the things that they say: it's really a two-tiered economy, with some of the old-world aspects of that economy – think manufacturing and then steel – that are suffering whereas the newer economy, consumer-led businesses, seems to be thriving.

This is an economy that's very large, that has moved from 10 per cent GDP growth to 7 per cent and is now downshifting to 4 per cent and 5 per cent. Again, by the law of mathematics it just can't keep growing at a 10 per cent rate, so it's to be expected. These things all have to be taken in context, I think.

Ms Renaud: Hi. You talk about the investor's psyche. It's not that I expect you to be able to look into a crystal ball, but just given the instability in the European Union, given just the massive crisis with all of the refugees, where you have millions of people flooding into other countries, I'm just wondering, sort of looking ahead a little bit, what that means.

Mr. MacMaster: Well, that's a really good question. I don't know if I have an answer for the refugee issue, sad as it is. I'm not sure what impact that has on the economies or investing. In terms of the European economies generally they, like North America's, have emerged from a very tough period, coming through the credit crisis, in large part because their banks were much more highly leveraged than, say, North American banks and certainly Canadian banks. So the reduction of interest rates to crisis levels and the flooding of liquidity have enabled those banks in the eurozone the time to grow and earn some income and write off bad loans and deleverage. The greatest solution for their problems is time, and that's happening.

Look, Europe is in a better place than it was two or three years ago, and I think that it'll be in a better place in a couple of years. It's a slow process, and it's made more complicated by their complicated union and the differences in how they think about economics and differences in culture and so on. It's a little messy, but I would say that from where I sit, they seem to be doing the right things. I think that we'll see another round of quantitative easing, which is the introduction of even more liquidity, to keep rates low and to keep the economies going.

Now, amidst all of the bad news that you hear in Europe, I mean, there are some success stories. Ireland, for instance, which was a basket case coming out of the credit crisis in large part because of a real estate market that was overheated, has actually done quite well. They dealt with their austerity, you know, tightened the belt, increased taxes, cut back on services, and emerged once again as a leader in Europe in terms of growth. You don't hear about the good-news stories. They love talking about Greece and all the other problems.

Ms Renaud: Thank you.

The Chair: Any other questions?

Mr. Piquette: When you were talking, where you think that equities are still overvalued at the present time because of excess liquidity: what drop would you think would bring them back to, like, real value, where they would be something that you'd want to start, you know, getting back into?

Mr. MacMaster: Yeah. It's a good question. It's really dependent on security selection and sector. For instance, the way I view, you know, AIMCo and our ability to add value and invest is really based on security selection. That's what we do best. That's what adds value. A little bit less is sector, a little bit less is tactical, so U.S. versus Canada, those kind of decisions, or, even worse, you know, stocks, bonds. Okay? We're good at security selection, and there the picture is really mixed.

In fact, Canada has been hammered pretty good. You know, if you look at the commodities-related – materials like gold, the mining sector, and, more recently, energy have really been hammered. Along with that, of course, is the rest of the market. You see that banks are down and insurance companies and real estate rates. It percolates right through the market. Actually, Canada is standing out a little bit more in terms of overall intrinsic value. Certain parts of the energy sector midstream are quite beat up, and we're starting to see some opportunities there on the illiquid side, again, as capital dries up. It's really kind of an individual thing.

I think that in the U.S. they were at 18 or so price-earnings. You know, if we got that down to 15, so a 10 per cent or 15 per cent correction, that would be very attractive. Typically, if we see a 10 per cent correction, we're taking action. We're starting to overweight equities. We're starting to do things tactically in the portfolio to step in. If we're wrong and it goes 20 per cent, we'll do more, and we'll continue to do more. We'll buy it all the way down, as we did during the crisis. Quite frankly, that's where the discipline comes into play, and that's where the real value is, when people are throwing out good-quality assets.

The Chair: Anyone on the phone have any questions?

Mr. Ellis: Not at this time. Thank you.

Mr. Taylor: Not at this time. Thank you.

The Chair: Okay. Anyone else have any questions?

Mr. Piquette: I guess, one more question. One thing I'm impressed with is the long-term focus that AIMCo seems to be taking. I know that pension fund managers around the world are starting to take into account climate change risks as one of those longer term factors. I'm just wondering if that's something that's, you know, part of your models. I'm looking at the changes in environment due to increased volatility.

10:00

Mr. Baccus: Sure. Why don't I take that. From a starting point our mandate is to maximize the risk-adjusted net returns. What all that means is that our focus is on ensuring the investment returns.

Now, factors such as social factors, environmental factors, governance factors – our thinking is that a well-run company does better. A company that has good social policies, a company that has good governance, and, to tie back to your question, a company that has a plan for thinking about carbon emissions, a company that has a plan for thinking about factors that influence global warming and also a plan to react to global warming: those are all good companies. So what we do from a responsible investing perspective is to engage with those companies and to encourage that behaviour because at the end of the day, if you tie back to what our bottom line is, which

is to maximize returns for Albertans and for our pension clients, well-run companies that think about climate change, that think about governance, that think about social items will generate better returns.

Mr. Piquette: Thanks for that.

The Chair: Any other questions? Go ahead, Mike.

Mr. Ellis: Just a question for the last speaker there. Where are you finding these companies? Are they in North America? Are they overseas? Where are you finding the best companies that meet your mandate?

Mr. Baccus: Just to clarify, was that from a responsible investing perspective?

Mr. Ellis: Yeah, from a responsible investing perspective, and they also meet those social needs. You know, the good companies that you indicated that you invest in: where are you finding these companies primarily?

Mr. Baccus: Sure. There's no straight answer, where we can tell you that we find these companies in Turkey, for example. If we take a step back, one of the topics that Dale was talking about was AIMCo being an active investor. What that means is that we are invested broadly across the market, and we have some requirements to invest in the indexes. For example, if you look at the TSX, that's an index, and by virtue of how we structure our investing, we hold each company that's in the index. Within that group of companies there will be some that perform well from a responsible investing perspective, and there will be some that have an opportunity to improve from a responsible investing perspective, but our approach is to engage.

The reason why we engage as opposed to divest is to maintain the largest possible investible universe for our clients. You know, Dale talked to the committee about the challenges facing investors, and if investors were to move into divestment, what that does is that it narrows the available universe to put your money to work. To go back to the question more specifically, we've found in North America, in western Europe very good examples of companies that have strong responsible investing programs. But by engaging with them, which is sitting down with management and expressing some of our concerns and expectations from an environmental perspective, from a social perspective, and from a governance perspective, they can capitalize on opportunities to improve, and when they improve in those areas – and it bears repeating. When companies improve in those areas, their investment performance improves, and as a result that goes back to our core mandate, which helps us maximize returns for our clients.

Mr. Ellis: Thank you.

The Chair: Any other questions?

Seeing none, could I get someone to move that the Standing Committee on the Alberta Heritage Savings Trust Fund receive the 2015-2016 first-quarter report on the Alberta heritage trust fund.

Chris. All in favour? Carried.

The 2015 annual public meeting. Committee members will recall that a motion was passed at the last meeting about holding the annual public meeting in Edmonton. Usually this public meeting is held in October. However, for a couple of reasons the deputy chair and I would like to recommend that this year's public meeting be held on Thursday, November 26, from 7 to 9 p.m. This date will allow enough time for the recording equipment in the committee

room at the Edmonton Federal building to be fully installed and tested. Further, the estimates process would preclude Legislative Assembly committees from meeting for most of the month of November. Do members have any questions on that?

Okay. I'd like to call for a motion that

the Standing Committee on the Alberta Heritage Savings Trust Fund schedule the 2015 annual public meeting for Thursday, November 26, from 7 to 9 p.m., subject to the proviso that the chair may propose an alternate date should the schedule for committees' consideration of main estimates conflict with that date.

Mr. Malkinson: I propose that motion.

The Chair: Thank you. All in favour? Carried. Thank you.

A draft communications plan was posted on the internal website which outlines the proposed major components and initiatives in support of the public meeting, including updating the introductory educational video, advertising through social media and traditional methods such as radio and newspapers, broadcasting the meeting province-wide, and leveraging free or low-cost promotional opportunities; for example, an e-card for all MLAs to send to their constituents. In past years there has been a coffee reception following the meeting, giving committee members the opportunity to speak with attendees, and I'd suggest we continue that practice this year.

Jeanette and Rhonda will review the draft communications plan in detail. Jeanette.

Ms Dotimas: Thank you, Ms Chair. The ultimate goal of the committee during the public meeting is to present and make available to Albertans information on how the fund relates to their everyday lives and their future. As the chair spoke to, the annual public meeting will be held in the Edmonton Federal building, the EFB, in the Grasslands Room on the committee floor on Thursday, November 26, from 7 to 9 p.m.

The format of the meeting shall be as follows. We're looking at introductions first and then presentations by Alberta Treasury Board and Finance and AIMCo, and then the latter part of the meeting will include a Q and A portion, where audience questions, through social media and other means, will be presented to the committee and the presenters.

The EFB, as you know, is centrally located and will be easily accessible by public transportation, and there will be plenty of parking options in the vicinity for those wanting to attend. As well, the time frame proposed for this year is advantageous for many of our audience as well.

The recommended strategies that we're looking for the committee to approve are to be inclusive and engage as many Albertans as possible to participate. We're looking at six items. We're looking to sustain efforts to reach the province-wide audience, to ensure that the public meeting is engaging, to advertise to those audiences, to maximize the use of those promotional activities, other initiatives, and, in the end, to measure the results.

The first of the strategies would be to sustain efforts to reach a province-wide audience, and at this point we would recommend that the committee conduct a live stream, which may include a televised broadcast of the public meeting for Albertans to tune into.

The second part will be to ensure that the public meeting is engaging. Part of this will be to update the introductory video. In 2013 we first produced a video capturing the history of the fund and how it functions, and in 2015 the video will require some updates to include any recent changes affecting the fund and some new images reflecting today's Alberta. The use of Twitter, Facebook, and e-mail to receive questions from the audience and feedback from the public will also be recommended. During the meeting

LAO communications will monitor social media. Communications staff will look at Twitter, Facebook, and any trending themes under #ableg, #ahstf2015, and other relevant themes that might be trending locally during the meeting. Trending themes will be noted and forwarded to the chair to incorporate into the meeting.

We'll be leveraging social media as well to educate more Albertans about the fund. In the weeks leading up to the meeting, we recommend that we look into social media strategy so that we can create awareness for the upcoming meeting.

10:10

The third strategy will be to advertise. In order to reach the audience who is most likely to attend and participate in the public meeting, an advertising strategy targeting the Edmonton metro area, including a seniors publication, will be recommended. For local advertising we recommend that we run ads in the daily local papers, so the *Edmonton Journal*, the *Edmonton Sun*, *Metro* Edmonton as well as the *Edmonton Senior* newspaper. Local Alberta Weekly Newspapers Association papers will also be used to promote the meeting such as the *Edmonton Examiner*, *Vue Weekly*, and publications surrounding metro Edmonton.

For province-wide advertising it's recommended that ads run in the other daily newspapers in the province to give notice to all Albertans about how they can participate in the 2015 meeting.

Radio advertising is also recommended. We recommend that investment be made in paid radio advertising to guarantee public meeting promotion to a very active part of our audience, those who keep up with local and provincial news and politics.

The fourth strategy that we recommend is to maximize use of free promotional opportunities such as social media, media relations, committee website postings, and an e-card sent to as many people as possible.

The last strategy will be to have other initiatives implemented such as the statistics card, which is a relatively inexpensive way to communicate a brief background on the fund and on the current financial information, to promote the public meeting date as well.

Finally, following the meeting we will measure the results. Online analytics reports will be compiled to measure the effectiveness of the initiatives that were applied and will be submitted in a report following the meeting. A survey for the public meeting attendees and participants will be conducted, and those surveyed will be asked for their feedback to find out which promotional strategies were most effective in informing them about the meeting.

The total estimated communications cost for the 2015 meeting will be between \$35,000 and \$42,000, which will fall below the allowable budget allocated to the committee for communications.

Thank you.

The Chair: Thank you.

Rhonda, did you have anything to add?

Ms Sorensen: Thank you, Madam Chair. I just wanted to touch briefly on two quick points. One is the web stream and broadcast. In previous meetings with this committee we have discussed focusing on the web stream and not so much on the televised broadcast. However, as we've started looking and working with different companies – we've been getting quotes from five or six companies – we're finding that the company we have used in the past, which also includes a televised broadcast, is coming in not only at one of the best costs but also with experienced techs and operators that would provide a really good production.

I just want to clarify that in reaching our number one strategy of sustaining efforts to reach a province-wide audience, the web

stream may include a televised broadcast as well. We won't know until probably later this week, once we've had an opportunity to meet with all of these companies, to look at the room and the space, but I didn't want the committee to be surprised by that, that it could be televised as well.

The second thing I just wanted to touch on. Jeanette had mentioned a video that we have done that introduces the broadcast and the web stream. That video is online on the internal site, so you have an opportunity to take a look at that.

If anybody has any questions, Jeanette and I are happy to answer them.

Mrs. Dacyshyn: I just wanted to say that I also posted on the internal website a link to last year's public meeting. If you're interested in taking a look at that just to see what the look of it is, it will look somewhat different, holding it in the committee room rather than in a different space, but you'll get the idea of how it's run.

The Chair: Okay. Questions?

Mr. Piquette: How many people attended it last year?

Ms Sorensen: Attended in person?

Mr. Piquette: Yes.

Ms Sorensen: I believe there were 32, 35, around there, in person, and then, of course, they have the online audience and the television audience as well.

Mr. Piquette: You were happy with the turnout?

Ms Sorensen: I would say that with the in-person turnout, I guess, people have never attended as we would like to see. We try to use as many initiatives as possible to get as many people as we can engaged, whether it's in person, online, however we can. We just want to ensure that the information is getting to people as best we can.

Mr. Piquette: I'm just wondering: in the past have you tried actually inviting people, like, making a list of potential organizations that might be interested in attending?

Ms Sorensen: We've certainly taken that approach before and would highly recommend it again. In fact, I think that within one of the strategies, when we send out an e-card to members, we encourage the members to then send it out to their various groups as well, because we really do rely on the members' getting the word out there to their constituents that this is happening in addition to all of the advertising and the paid strategies that we're using.

Mr. Piquette: Okay. Thanks. So it's us. It's our job to round up the stakeholders.

Ms Sorensen: The collective us.

The Chair: Brian.

Mr. Malkinson: Yes. Just a quick question. You have the cost here as being from \$35,000 and change to \$42,000 and change. I was

just wondering how those costs for advertising and running the production line up with previous years. Is it in the same ballpark?

Ms Sorensen: Yes. Unless something extraordinary happens, in which case we would point it out to the committee, we try and stick to the same budget and use different initiatives to try and reach our goals.

Ms Dean: Could I just supplement that answer? One thing that's different this year is that we are hosting the public meeting at our own facility, so we don't have the cost associated with renting a facility. In previous years we've often travelled to different locations across the province, so there were considerable costs associated with getting staff and committee members to those locations. So I would say that we're under the cost we might typically experience.

The Chair: Thank you.

Any other questions? Chris.

Mr. Nielsen: Thank you, Madam Chair. Because we do now get to have it in our own facility in the great Federal building there, are there plans to sort of promote that aspect of it and maybe generate a little bit of curiosity about the building?

Ms Dotimas: I would say yes. In terms of the social media strategy that I plan to present to the chair and yourself, it will include promotional activities as well – you know, “While you're here, visit the Visitor Centre” – and just engaging people. Especially because we are centrally located, we're hoping to get more of the community to come out as well. There is a curiosity factor around the committee rooms. They've never been open to the public, really, before, so that will be something that we'll focus on as well.

Mr. Nielsen: Excellent.

Thank you, Madam Chair.

The Chair: Any other questions?

Okay. I'd like to call for a motion that

the Standing Committee on the Alberta Heritage Savings Trust Fund approve the 2015 communications plan as presented.

Mr. Cyr. All in favour? Opposed? Carried.

Could I also call for a motion that

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

Brian. All in favour? Opposed? Carried.

Over the next few weeks we will send you updated information about the public meeting arrangements. In the meantime I would encourage all members to plan to participate.

Any items of other business?

Seeing none, the next meeting will be the public meeting, which will be November 26, 2015.

I'd like to call for a motion for adjournment. Mr. Cyr. All in favour? Opposed? Carried.

Thank you, everyone.

[The committee adjourned at 10:19 a.m.]

