

Standing Committee on the Alberta Heritage Savings Trust Fund

2014/2015 Report

Covering Activities from
28th Legislature: September 2014 to March 2015

March 2016



**Standing Committee on the
Alberta Heritage Savings Trust Fund**
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**STANDING COMMITTEE ON THE
ALBERTA HERITAGE SAVINGS TRUST FUND**

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Honourable Robert Wanner
Speaker of the Legislative Assembly
of the Province of Alberta

Dear Speaker Wanner:

The Standing Committee on the Alberta Heritage Savings Trust Fund has the honour to submit the report covering committee activities from the **28th Legislature: September 2014 to March 2015**, pursuant to section 6(4)(d) of the *Alberta Heritage Savings Trust Fund Act*.

Sincerely,

[original signed by Chair]

Barb Miller, MLA
Chair, Standing Committee on the
Alberta Heritage Savings Trust Fund

MEMBERS (28th Legislature, Third Session)

RON CASEY, Chair

MLA, Banff-Cochrane (PC)

MARY ANNE JABLONSKI, Deputy Chair

MLA, Red Deer-North (PC)

MOE AMERY

MLA, Calgary-East (PC)

DREW BARNES

MLA, Cypress-Medicine Hat (W)

MIKE ELLIS

MLA, Calgary-West (PC)

THOMAS LUKASZUK

MLA, Edmonton-Castle Downs (PC)

BRIAN MASON

MLA, Edmonton-Highlands-Norwood (ND)

DR. RAJ SHERMAN

MLA, Edmonton-Meadowlark (AL)

DANIELLE SMITH*

MLA, Highwood (PC)

*Blake Pedersen, MLA, Medicine Hat, was a substitution for Danielle Smith on March 25, 2015.

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I. INTRODUCTION

Meetings of the Standing Committee on the Alberta Heritage Savings Trust Fund are open to the public. This report provides the highlights of the proceedings of these meetings.

Committee meetings are recorded in *Alberta Hansard*, and transcripts and minutes are available in the Legislature Library. All Legislative Assembly Committee meetings are audio-streamed live on the internet and archived. These archives as well as transcripts are available on the Legislative Assembly of Alberta website at www.assembly.ab.ca.

II. HISTORY OF THE ALBERTA HERITAGE SAVINGS TRUST FUND

On May 19, 1976, the Alberta Heritage Savings Trust Fund was established by an Act of the Legislative Assembly of Alberta.

The Act and subsequent amendments to it set out the sources of funds and how these funds might be invested. Distinct investment divisions of the Heritage Fund were defined, each with different aims and investment criteria. The Act also outlines the powers of the President of Treasury Board and Minister of Finance to make investments under each division.

A new *Alberta Heritage Savings Trust Fund Act* was passed by the Legislative Assembly in 1996 and was proclaimed into force on January 1, 1997. The Heritage Fund mission statement is set out in the preamble to the *Alberta Heritage Savings Trust Fund Act*:

WHEREAS the mission of the Heritage Fund is to provide prudent stewardship of the savings from Alberta's non-renewable resources by providing the greatest financial returns on those savings for current and future generations of Albertans.

It is the responsibility of the President of Treasury Board and Minister of Finance, within 90 days of the end of the fiscal year, to prepare a report summarizing the operation of the Heritage Fund during the preceding fiscal year, including a financial statement, which is audited by the Auditor General. When the report is completed, it must be approved by the Standing Committee on the Alberta Heritage Savings Trust Fund. Copies are provided to all Members of the Legislative Assembly and to the Clerk of the Legislative Assembly, making the report public.

The Alberta Investment Management Corporation (AIMCo), created as a provincial Crown corporation as of January 1, 2008, acts as an investment manager for investment products assigned by statute to the President of Treasury Board and Minister of Finance. AIMCo's objective is to create portfolios that match the financial goals, time frames and risk profiles of its clients' funds. AIMCo works to increase value for clients, maintain high standards of governance and oversight and be cost effective. In addition to the Alberta Heritage Savings Trust Fund, AIMCo also manages the assets of Alberta's pension plans, government endowment funds and select assets of other provincial public-sector bodies.

The *Savings Management Repeal Act*, which came into force on December 17, 2014, abolished the Alberta Future Fund, the Social Innovation Endowment account, and the Agriculture and Food Innovation Endowment account, which were originally created in spring 2014. Also, the \$200 million transfer from the Heritage Fund to the Alberta Heritage Scholarship Fund that was reserved for trades scholarships, will remain in the Scholarship Fund for that purpose.

The investment income earned by the Heritage Fund, less the amount retained in the fund for inflation proofing, is transferred to the province's main operating fund, the General Revenue Fund, to help pay for priority programs.

III. ROLE OF THE COMMITTEE

An excerpt from the *Alberta Heritage Savings Trust Fund Act*, as amended in December 2015, describes the mandate of the committee as follows:

6 (4) The functions of the Standing Committee are

- (a) to receive and review the quarterly reports referred to in section 15;
- (c) to approve the annual report of the Heritage Fund;
- (d) to review after each fiscal year end the performance of the Heritage Fund and report to the Legislature as to whether the mission of the Heritage Fund is being fulfilled;
- (e) to hold public meetings with Albertans on the investment activities and results of the Heritage Fund.

The Standing Committee receives regular reports on the performance of the Heritage Fund and conducts an annual public meeting in the province. The purpose of the public meeting is to update Albertans on the management of the Heritage Fund and to solicit input from Albertans on the Fund's objectives.

The President of Treasury Board and Minister of Finance has responsibility for the Heritage Fund's investments. The Minister is required to report on the performance of the Heritage Fund quarterly and to make public an annual report on the Fund, after it is approved by the Standing Committee. The annual report includes a financial statement audited by the Auditor General of Alberta. The Alberta Heritage Savings Trust Fund annual and quarterly reports are posted on the Alberta Treasury Board and Finance section of the Alberta Government's website.

The Standing Committee has made every attempt to fulfill its duties as required by the *Alberta Heritage Savings Trust Fund Act* and the *Standing Orders of the Legislative Assembly of Alberta*.

**IV. MEETINGS HELD AND MOTIONS PASSED IN SUPPORT OF THE 2014-2015
REPORTING PERIOD: 28th LEGISLATURE**

The following includes motions passed at Standing Committee meetings held from September 10, 2014 to March 25, 2015, supporting the 2014-2015 fiscal year cycle of the Standing Committee on the Alberta Heritage Savings Trust Fund during the 28th Legislature, and indicating that the mandate of the Committee and the mission of the Fund have been fulfilled.

September 10, 2014, Meeting:

MOVED by Mr. Barnes that the Standing Committee on the Alberta Heritage Savings Trust Fund receive the 2014-2015 First Quarter Report on the Alberta Heritage Savings Trust Fund.

December 8, 2014, Meeting:

MOVED by Mrs. Jablonski that the Standing Committee on the Alberta Heritage Savings Trust Fund receive the 2014-2015 Second Quarter Report on the Alberta Heritage Savings Trust Fund.

MOVED by Mr. Barnes that the Standing Committee on the Alberta Heritage Savings Trust Fund approve the draft Report of the Standing Committee on the Alberta Heritage Savings Trust Fund, covering the period from September 2013 to October 2014, as distributed.

March 25, 2015, Meeting:

MOVED by Mr. Ellis that the Standing Committee on the Alberta Heritage Savings Trust Fund receive the 2014-2015 Third Quarter Report on the Alberta Heritage Savings Trust Fund as presented.

MOVED by Mrs. Jablonski that the LAO Communications be directed to draft a Communications Plan outlining options for the 2015 public meeting for approval at the June 2015 Committee meeting.

