

## **Building a stronger Alberta**

March 20, 2007

### **Legislation establishes new provincial corporation to manage Alberta's investments**

Edmonton... Under new legislation, the Alberta government will move its investment operations into a provincial corporation. The newly named Alberta Investment Management Corporation will have improved organizational governance, increased flexibility and opportunities for greater investment returns for Alberta's savings, public sector pensions, endowments and other funds.

It is expected that the new provincial corporation could improve net investment returns by 25 to 100 basis points. For example, every 10 basis points in net value added investment returns per year would mean \$16 million more per year in net income to the Alberta Heritage Savings Trust Fund or close to \$50 million per year on all the balanced investment portfolios managed by the corporation.

Bill 22, the *Alberta Investment Management Corporation Act*, proposes the separation of the Investment Management Division from the Department of Finance into a provincial corporation. A recent study commissioned by the government concluded that a stand-alone organization would be the most appropriate structure to achieve investment excellence. The proposal follows best practices for top public sector investment funds such as the Canada Pension Plan, the B.C. Investment Management Corporation and the Ontario Teachers' Pension Plan.

The legislation, introduced in the Legislature on March 20, also balances operational independence with the highest standards of transparency and accountability. The Lieutenant Governor in Council will appoint a board of directors responsible for the oversight of the corporation. The government will continue to set the investment policy for all government funds.

The corporation will also be subject to the *Fiscal Responsibility Act* and its budget will be approved and published as part of the government's budget process in the same manner as other non-commercial provincial corporations. It will fall under the mandate of the Auditor General, who will be entitled to attend, call and be heard at all meetings of the corporation's audit committee.

Currently, Alberta Finance manages approximately \$70 billion in assets, including the Alberta Heritage Savings Trust Fund and other public endowments, public sector pension plans and other funds.

Securing maximum value for Alberta's investments is a key part of Premier Ed Stelmach's plan to build a stronger Alberta. Other priorities for the government are to govern with integrity and transparency, manage growth pressures, improve Albertans' quality of life, and provide safe and secure communities.

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