

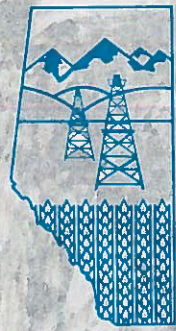


Report
1981-82



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erta Heritage Savings Trust Fund



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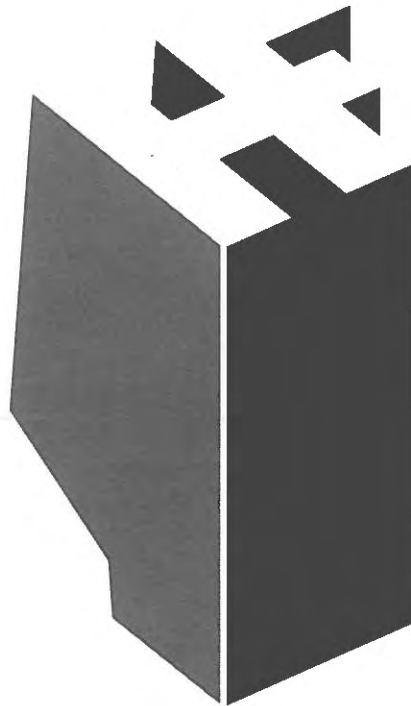
Alberta

TREASURY

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Alberta
TREASURY

Hon. Lou Hyndman
Provincial Treasurer

A.F. Collins
Deputy Provincial Treasurer

Additional copies of this annual report and copies of the future quarterly reports on the Alberta Heritage Savings Trust Fund may be obtained by writing:

Heritage Fund Reports
434 Terrace Building
Edmonton, Alberta T5K 2C3
or by telephoning (403) 427-3072

Report of the Provincial Treasurer: Overview of the Fund in 1981-82



This is the sixth annual report to Albertans on their Alberta Heritage Savings Trust Fund.

The 1981-82 fiscal year was a time of change. It saw a downturn in the North American economy, a softening in world oil prices and decisions by industry to hold a number of energy and energy-related projects.

These developments had a significant impact on the province's revenues including those accruing to the Alberta Heritage Savings Trust Fund.

Non-renewable resource revenue, which accounts for about half the province's revenues, actually declined in 1981-82. The 30 per cent of these revenues set aside in the Heritage Fund for investment decreased from \$1.444 billion in 1980-81 to \$1.434 billion in 1981-82.

For Canada's financial markets, 1981-82 was a particularly volatile year, with interest rates reaching record levels in the second quarter of the fiscal year. The Heritage Fund's new investments during the year reflected these conditions by carrying interest rates that ranged from the 14 per cent level early in the first quarter to over 18 per cent in the second and third quarters.

With the new investments made in 1981-82 and in the previous year, a growing percentage of the Heritage Fund's investments has been made during periods of sustained high interest rates. As a result the weighted average yield to maturity on all investments at year end, excluding the Capital Projects Division, was 13.0 per cent compared to 11.6 per cent at March 31, 1981. Similarly, the rate of return on investments, measured on the book value of the portfolio, was 12.6 per cent in 1981-82 compared to 10.8 per cent for the previous fiscal year.

Investment income totalled \$1.009 billion, an increase of 39 per cent over 1980-81.

With income in 1981-82 of over \$1 billion for the first time and non-renewable resource revenues of over \$1.4 billion, the Heritage Fund has accumulated, over its nearly six years of existence, income earning assets of \$9.7 billion and deemed assets (investments in Capital Projects) totalling \$1.3 billion.

While revenue from non-renewable resources declined slightly in 1981-82, there was a sustained high demand for the programs, services and capital projects provided by the province. For the Provincial Crown corporations that supply financing for housing, small businesses, farmers and municipalities, this high level of activity, coupled with high interest rates, resulted in increasing requirements for funds. In turn, this translated into strong demand for Heritage Fund financing.

Where the Heritage Fund was Invested in 1981-82

Meeting the needs of Albertans today and investing for the benefit of Albertans now and in future years were the key elements of the Alberta Heritage Savings Trust Fund's 1981-82 investment activity.

Over 95 per cent of the new funds flowing from resource revenues and investment income during the year was allocated to investments in Alberta.

By year-end, approximately 70 per cent of the Heritage Fund's total assets was invested in Alberta to finance the construction of affordable housing, the development of farms and small businesses, health services, the provision of scholarships for Alberta students and numerous other projects and services.

In the past fiscal year approximately 23,000 housing units — over one-half of all housing starts in the province — were financed with loans from the Heritage Fund through initiatives such as the popular Alberta Family Home Purchase Program.

About one-quarter of the Heritage Fund, \$2.6 billion, is invested in housing for Albertans. This is the single largest investment of the Heritage Fund.

The Alberta Opportunity Company and the Alberta Agricultural Development Corporation make loans on favourable terms to Alberta small businesses and farmers. In 1981-82 the Heritage Fund provided over \$250 million in new financing to these corporations for that purpose. The Heritage Fund's total investment in these important sectors of the economy is over \$670 million.

New loans totalling over \$700 million were made to the Alberta Municipal Financing Corporation and to Alberta Government Telephones. These investments support the growth and development of rural and urban Alberta.

To finance these activities for housing, agriculture, small business, local governments and communications, the Heritage Fund supplied \$2 billion in financing in 1981-82 to Provincial Crown corporations, up by more than 35 per cent over the previous year.

In January, 1982, the convertible debentures for the Syncrude Project were converted into additional equity in Syncrude bringing the Heritage Fund's participation in the project to 16.74 per cent.

A number of the Heritage Fund's investments do not earn income but do provide long term social and economic benefits for Albertans. About \$350 million was invested in projects of this type in 1981-82. The largest new investment, \$100 million, was provided to establish the Alberta Heritage Scholarship Fund.

Three other new projects were commenced under the Capital Projects Division in 1981-82. The Occupational Health and Safety Research and Education project will promote accident prevention and on-the-job safety for workers. The Food Processing Development Centre will provide the food industry with an Alberta facility for the creation and testing of new food products. Under the Urban Parks project, funds will be made available to assist Medicine Hat, Lethbridge, Red Deer, Lloydminster and Grande Prairie.

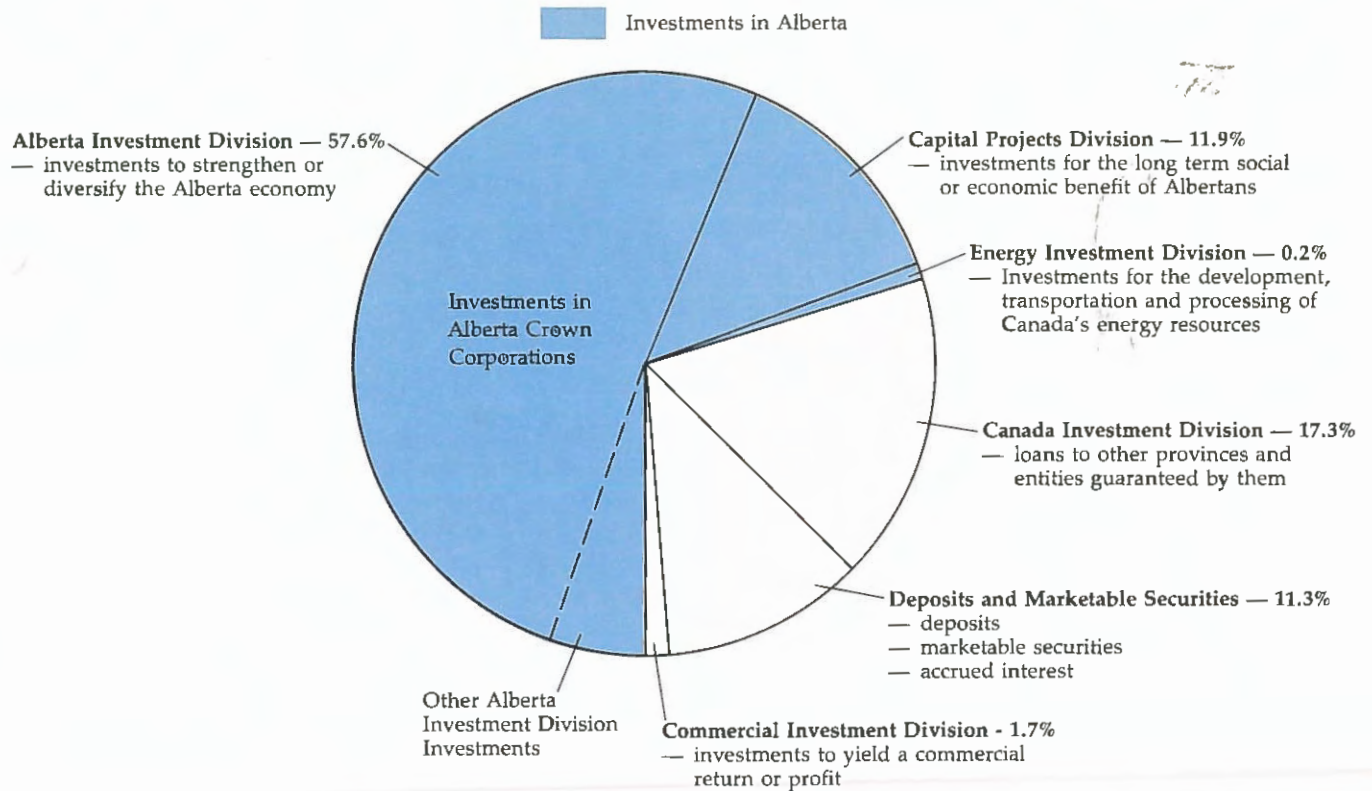
Various other projects begun in previous years continued during 1981-82 including Kananaskis Country, the Walter C. MacKenzie Health Sciences Centre in Edmonton, the Southern Alberta Cancer Centre and Specialty Services Facility in Calgary, the Alberta Oil Sands Technology and Research Authority, Irrigation Headworks Improvement, the New Rail Hopper Cars, Maintaining Our Forests, and the Alberta Heritage Foundation for Medical Research.

The Commercial Investment Division, recommended by the Legislature's Select Standing Committee of the Heritage Fund, became operational late in the fiscal year. Investments in this Division are made with the sole objective of yielding a commercial return. At March 31, 1982, the Commercial Investment Division consisted of \$98 million in money market securities and \$91 million in Canadian common shares and convertible bonds. The investment in equities is being undertaken using a passive, balanced approach with stock holdings representing a broad range of Canadian industrial sectors and public companies. Investment in any one company is limited to no more than 5 per cent of the shares outstanding.

The amount loaned to other provinces through the Canada Investment Division in 1981-82, \$420 million, was reduced from the previous two years as funds were directed to priority investments within Alberta. Ten loans were made to other provinces and their Crown corporations under this Division in 1981-82.

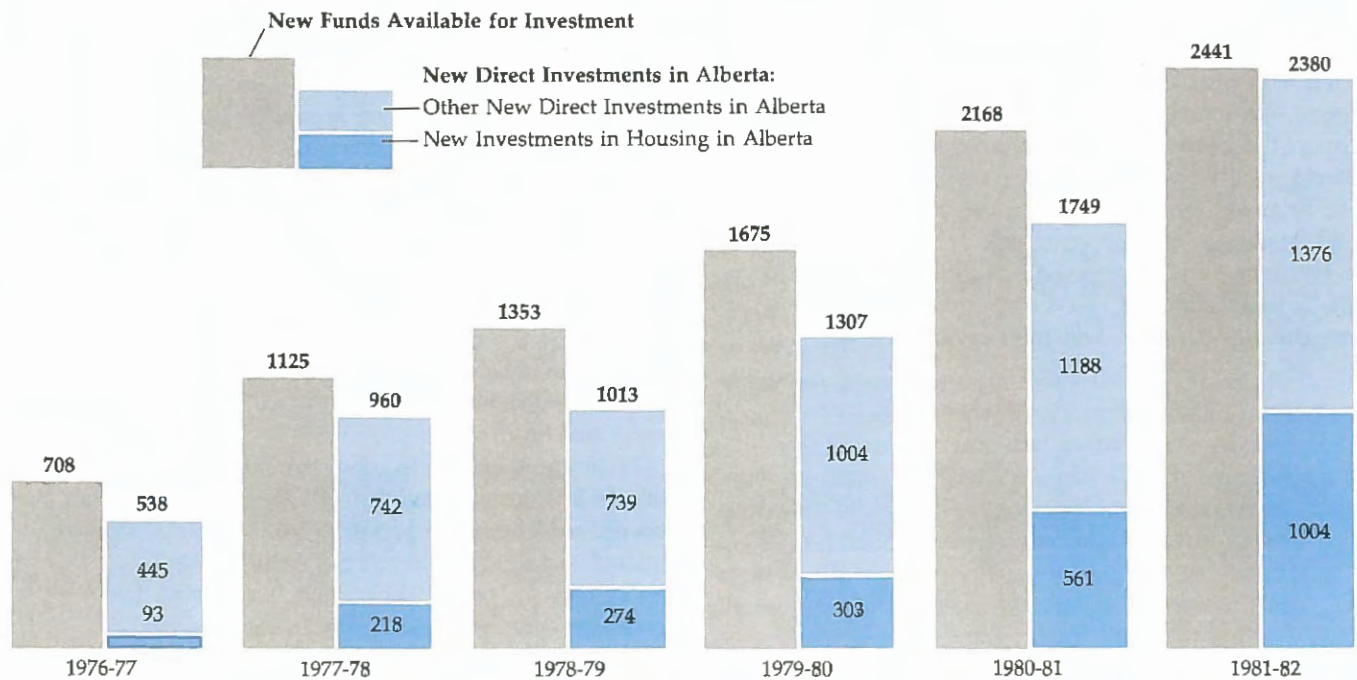
The Alberta Heritage Savings Trust Fund: Working in Alberta

Composition of Alberta Heritage Savings Trust Fund Assets at March 31, 1982



Sources and Applications of Funds

(millions of dollars)



Yields ranged from 14.3 per cent to 18.1 per cent, reflecting the wide fluctuations in interest rates during the year. These investments in other provinces provide a predictable and secure income source for the Heritage Fund and generated nearly \$200 million in income in 1981-82 alone. Further loans under this Division have been suspended to provide additional funds for investments in Alberta in housing, businesses, farms, parks, irrigation and other projects.

The remainder of this report gives detailed financial information on the Alberta Heritage Savings Trust Fund.

Highlights of 1981-82

- Over 95 per cent of the new funds available from non-renewable resource revenue and investment income were invested directly in Alberta.
- Net investment income was \$1.009 billion, an increase of 39 per cent over the previous year.
- About one-quarter of the Heritage Fund, or \$2.6 billion, is invested in housing for Albertans — its single largest investment.
- The weighted average yield to maturity on the Fund's investments increased to 13 per cent in 1981-82, compared to 11.6 per cent the previous year. The rate of return was 12.6 per cent in 1981-82, compared to 10.8 per cent the year before.
- New income-earning investments of \$2 billion were made during the year increasing total financial assets by 27 per cent to \$9.7 billion.
- Net new financing provided to Alberta's Crown corporations after repayments and amortization was as follows:

Alberta Home Mortgage Corporation	\$749 million
Alberta Housing Corporation	\$200 million
Alberta Agricultural Development Corporation	\$225 million
Alberta Opportunity Company	\$ 19 million
Alberta Municipal Financing Corporation	\$383 million
Alberta Government Telephones Commission	\$204 million
- An additional \$350 million was expended on Capital Projects Division initiatives bringing deemed assets to \$1.3 billion.
- The Commercial Investment Division, with the sole objective of yielding a commercial return, commenced operations in 1981-82 with initial investments of \$189 million.

Prudently saving for the future, strengthening and diversifying the economy, and helping Albertans today — these are the key objectives of the Heritage Savings Trust Fund.

From the Heritage Fund, Albertans receive benefits today in the form of financing for their homes, small businesses, farms and municipalities and from numerous capital projects that improve the quality of life throughout the province.

The Heritage Fund is at work for Albertans — today and for future generations.

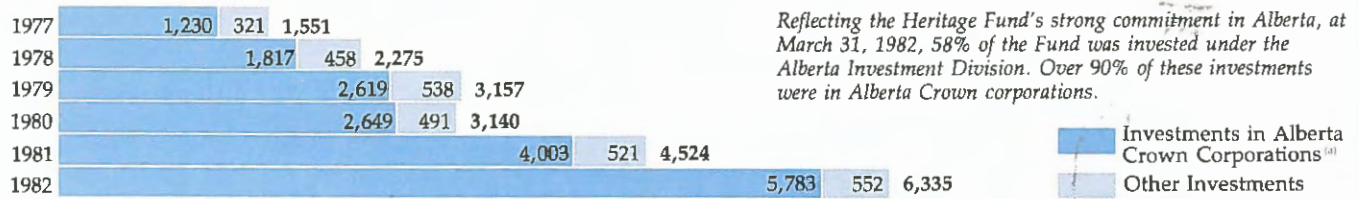


Lou Hyndman
Provincial Treasurer
July, 1982

The Alberta Investment Division: At Work For Albertans Today and for Future Generations

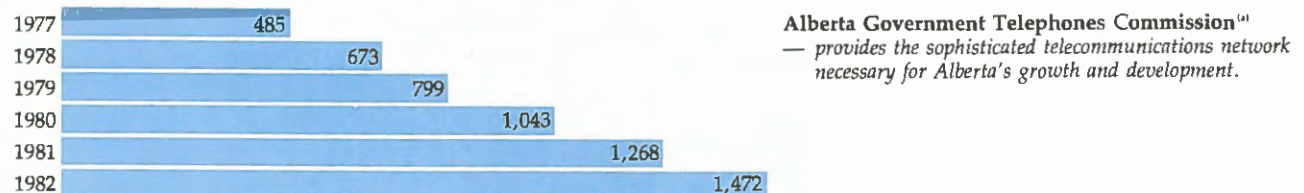
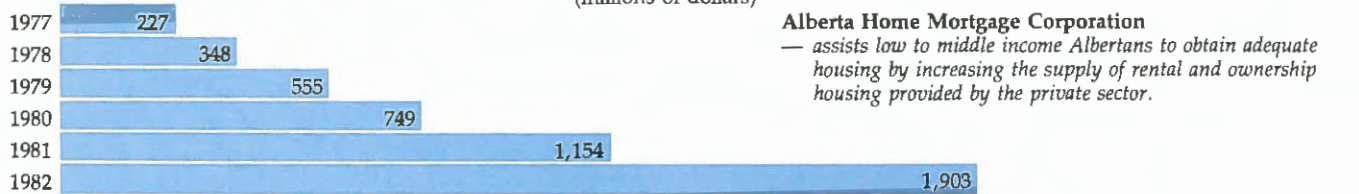
Investments at Cost

(millions of dollars)



Investments in Housing, Business and Farm Development, Municipal Public Works, and Communications

(millions of dollars)



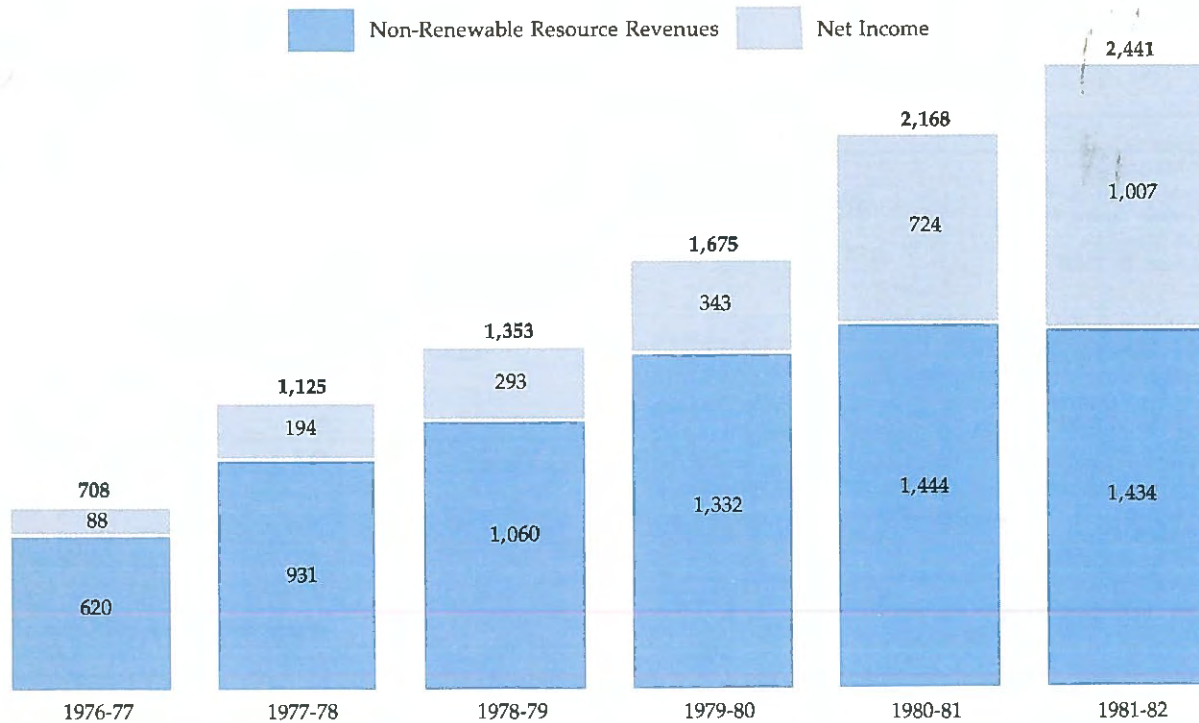
- a) Prior to 1979-80 includes investments in Alberta Municipal Financing Corporation and the Alberta Government Telephones Commission held by the Heritage Fund and transferred to the Alberta Investment Division in that year.
- b) Investments decreased during 1979-80 due to the sale of debentures to the General Revenue Fund for cancellation under the Municipal Debt Reduction and Hospital Debt Retirement Programs.

Sources of Funds for Investment

Non-Renewable Resource Revenue and Investment Income 1976-82

(millions of dollars)

The Heritage Fund grows each year from two components:
 (1) the non-renewable resource revenue it receives
 (2) the income on its investments



Income, Rate of Return and Yield on Investments

	Income (millions of dollars)	Rate of Return ^(a) Year Ended March 31, 1982 (%)	Weighted Average Yield to Maturity at March 31, 1982 (%)
Canada Investment Division	194.6	12.6	13.3
Alberta Investment Division	660.3	12.3	12.9
Energy Investment Division	3.5	14.6	14.6
Commercial Investment Division	1.3	^b	16.1 ^c
Deposits and Marketable Securities	149.7	14.1	13.1
Total	1,009.4	12.6	13.0

a) Time weighted rates of return on cost.

b) Because the first investment under this division was made late in fiscal year, a rate of return comparable to those shown for the other divisions cannot be calculated.

c) Money market securities only.

How the Heritage Fund was Invested in 1981-82

Canada Investment Division Summary of Investment Transactions For the Year Ended March 31, 1982

	Par Value March 31, 1982	Cost March 31, 1981 ^(a)	Purchases	Disposals, Repayments and Redemptions	Cost March 31, 1982 ^(a)
(millions of dollars)					
Province of Manitoba					
Investments at March 31, 1981	185.0	182.9		—	183.2
Investment made during 1981-82:					
Province of Manitoba					
15.75% Mar. 25, 1988	75.0		74.8	—	74.8
	260.0	182.9	74.8	—	258.0
Province of New Brunswick					
Investments at March 31, 1981	307.0	302.3		—	302.6
Investment made during 1981-82:					
Province of New Brunswick					
17.75% Sept. 30, 1987	75.0		74.1	—	74.1
	382.0	302.3	74.1	—	376.7
Province of Newfoundland					
Investments at March 31, 1981	310.0	305.5		—	305.9
Investments made during 1981-82:					
Province of Newfoundland					
16.375% Feb. 16, 1988	55.0		54.6	—	54.6
Newfoundland Municipal Financing Corporation					
16.375% Feb. 16, 1994	20.0		19.9	—	19.9
	385.0	305.5	74.5	—	380.4
Province of Nova Scotia					
Investments at March 31, 1981	356.2 ^(b)	353.1		2.5	350.8
Investments made during 1981-82:					
Province of Nova Scotia					
15.75% Jan. 28, 1988	25.0		25.0	—	25.0
Nova Scotia Power Corporation					
15.75% Jan. 28, 1988	25.0		25.0	—	25.0
Nova Scotia Municipal Finance Corporation					
15.75% Jan. 28, 1994	25.0		25.0	—	25.0
	431.2 ^(b)	353.1	75.0	2.5	425.8
Province of Prince Edward Island					
Investments at March 31, 1981	49.0	48.1		—	48.2
Investments made during 1981-82:					
Province of Prince Edward Island					
15.75% Mar. 25, 1994	25.0		25.0	—	25.0
13.875% Apr. 23, 2001	20.0		19.4	—	19.4
	94.0	48.1	44.4	—	92.6
Province of Quebec					
Investments at March 31, 1981	310.0	300.0		—	300.5
Investment made during 1981-82:					
Hydro-Quebec					
15.00% Dec. 9, 1987	75.0		74.8	—	74.8
	385.0	300.0	74.8	—	375.3
Total	1,937.2	1,491.9	417.6	2.5	1,908.8

(a) Includes amortization of discount to this date.

(b) Net of redemptions during the year.

Note: Totals do not cross add due to amortization.

Alberta Investment Division Summary of Investment Transactions For the Year Ended March 31, 1982

	Cost March 31, 1981	Purchases	Disposals, Repayments and Redemptions	Cost March 31, 1982
(millions of dollars)				
Alberta Agricultural Development Corporation Debentures				
Investments at March 31, 1981	323.2		7.0	316.2
Investments made during 1981-82:				
14.14% Mar. 31, 2006		20.0	—	20.0
15.41% May 1, 2006		15.0	—	15.0
16.11% Jun. 1, 2006		20.0	—	20.0
16.00% Jul. 1, 2006		13.0	—	13.0
17.33% Aug. 1, 2006		22.0	—	22.0
17.71% Sept. 1, 2006		10.0	—	10.0
17.90% Sept. 23, 2006		17.0	—	17.0
17.81% Oct. 1, 2006		19.0	—	19.0
17.93% Nov. 1, 2006		18.0	—	18.0
15.78% Dec. 1, 2006		17.0	—	17.0
16.50% Jan. 4, 2007		12.0	—	12.0
17.12% Feb. 1, 2007		19.0	—	19.0
17.00% Mar. 1, 2007		30.0	—	30.0
	323.2	232.0	7.0	548.2
Alberta Government Telephones Commission Debentures				
Investments at March 31, 1981	1,268.0		145.0	1,123.9
Investments made during 1981-82:				
17.75% Nov. 1, 1985		99.3	—	99.3
16.00% Aug. 15, 1986		69.4	—	69.4
15.50% Mar. 16, 1987		44.8	—	44.8
13.60% Jan. 2, 2001		10.0	—	10.0
14.875% May 1, 2001		125.0	—	125.0
	1,268.0	348.5	145.0	1,472.4
Alberta Housing Corporation Debentures				
Investments at March 31, 1981	525.5		3.8	521.7
Investments made during 1981-82:				
14.20% Mar. 4, 2011		4.0	—	4.0
16.73% Jun. 1, 2011		30.0	—	30.0
16.87% Aug. 4, 2011		30.0	—	30.0
18.05% Sept. 28, 2011		30.0	—	30.0
17.80% Nov. 6, 2011		30.0	—	30.0
15.71% Dec. 7, 2011		30.0	—	30.0
16.37% Jan. 19, 2012		40.0	—	40.0
16.46% Mar. 31, 2012		10.0	—	10.0
	525.5	204.0	3.8	725.7
Alberta Home Mortgage Corporation Debentures				
Investments at March 31, 1981	1,154.4		51.2	1,103.2
Investments made during 1981-82:				
14.37% Apr. 1, 2001		50.0	—	50.0
15.30% Apr. 15, 2001		50.0	—	50.0
16.46% Jun. 1, 2001		50.0	—	50.0
15.75% Jun. 15, 2001		50.0	—	50.0
16.54% Jul. 15, 2001		50.0	—	50.0
17.18% Apr. 15, 2001		50.0	—	50.0
13.09% Sept. 15, 2001		50.0	—	50.0
18.30% Oct. 1, 2001		50.0	—	50.0
17.62% Oct. 15, 2001		50.0	—	50.0
16.69% Nov. 1, 2001		50.0	—	50.0
15.85% Nov. 15, 2001		50.0	—	50.0
15.66% Dec. 1, 2001		50.0	—	50.0
16.10% Dec. 15, 2001		50.0	—	50.0
16.55% Jan. 15, 2002		50.0	—	50.0
17.27% Feb. 15, 2002		50.0	—	50.0
16.74% Mar. 1, 2002		50.0	—	50.0
	1,154.4	800.0	51.2	1,903.2

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(Alberta Investment Division Summary continued)

	Cost March 31, 1981	Purchases	Disposals, Repayments and Redemptions	Cost March 31, 1982
(millions of dollars)				
Alberta Municipal Financing Corporation Debentures				
Investments at March 31, 1981	625.0		—	626.0
Investments made during 1981-82:				
16.00% Sept. 1, 1986		74.8	—	74.8
18.00% Oct. 15, 1986		97.3	—	97.3
16.25% Sept. 15, 1987		80.1	—	80.1
16.00% July 15, 1988		45.0	—	45.0
16.25% June 15, 2001		85.0	—	85.0
	625.0	382.2	—	1,008.2
Alberta Opportunity Company Debentures				
Investments at March 31, 1981	106.8		15.0	91.8
Investments made during 1981-82:				
14.23% Mar. 31, 1986		4.0	—	4.0
15.08% June 15, 1986		8.0	—	8.0
18.40% Sept. 30, 1986		8.0	—	8.0
16.67% Feb. 15, 1987		6.0	—	6.0
15.60% Mar. 31, 1987		8.0	—	8.0
	106.8	34.0	15.0	125.8
TransAlta Utilities Corporation debenture				
13.75% April 17, 1985	19.7	—	—	19.8
Bralorne Resources Ltd. debenture				
12.875% August 15, 1995	5.0	—	—	5.0
Interprovincial Steel and Pipe Corporation Ltd.				
debenture 14.50% May 15, 1995	—	5.0	—	5.0
Canadian Commercial Bank debenture				
(a) July 4, 1986	—	5.0	—	5.0
Standard Guarantee Holdings Ltd. preferred				
shares 12% cumulative redeemable	—	1.0	—	1.0
Standard Guarantee Holdings Ltd. common shares				
Alberta Energy Company Ltd. common shares	—	0.1	—	0.1
Alberta Energy Company Ltd. common shares	76.5	0.3	—	76.8
Participation in Syncrude Project	183.7	345.0 ^(b)	89.7 ^(c)	439.0
Gulf Canada Resources, Inc.				
8½% convertible debenture	118.5	—	118.5	—
Canada-Cities Service Ltd.				
8½% convertible debenture	117.6	—	117.6	—
Total	4,523.9	2,357.1	547.8	6,335.2

(a) Floating at the bank's prime lending rate less 0.5%.

(b) Includes advances (\$82.0 million), acquisition of an additional 8.74% share (\$236.1 million) plus current year net profit (\$26.9 million).

(c) Repayments of advances during the year.

Note: Totals do not cross add due to amortization.

Energy Investment Division Summary of Investment Transactions For the Year Ended March 31, 1982

	Cost March 31, 1981	Purchases	Disposals, Repayments and Redemptions	Cost March 31, 1982
	(millions of dollars)			
Luscar Ltd. debenture 13.875% December 2, 1989	25.0	—	—	25.0

Commercial Investment Division Summary of Investment Transactions For the Year Ended March 31, 1982

	Cost March 31, 1981	Purchases	Amortization	Disposals, Repayments and Redemptions	Cost March 31, 1982	Market Value March 31, 1982
	(millions of dollars)					
Money market securities	—	107.6	0.9	10.0	98.5	98.5
Bonds: Corporate, convertible	—	5.1	—	—	5.1	4.9
Shares	—	85.8	—	—	85.8	80.8
Total	—	198.5	0.9	10.0	189.4	184.2

Deposits and Marketable Securities Summary of Investment Transactions For the Year Ended March 31, 1982

	Cost March 31, 1981	Purchases	Amortization	Disposals, Repayments and Redemptions	Cost March 31, 1982	Market Value March 31, 1982
	(millions of dollars)					
Cash and deposit in the Consolidated Cash Investment Trust Fund of the Province of Alberta	42.9	15.6 ^(a)	—	—	58.5	58.5
Marketable securities:						
Money market securities	854.6	1,856.1	83.4	2,267.7	526.4	526.4
Bonds:						
Government of Canada, direct and guaranteed	337.5	14.4	0.7	66.4	286.2	225.3
Province of Alberta, guaranteed: Alberta Government Telephones Commission	4.4	—	0.1	—	4.5	3.2
Other provinces, direct and guaranteed	133.9	6.1	0.1	21.9	118.2	80.8
Corporate	43.0	—	—	25.0	18.0	13.5
	1,373.4	1,876.6	84.3	2,381.0	953.3	849.2 ^(b)
Total	1,416.3	1,892.2	84.3	2,381.0	1,011.8	907.7

(a) Net deposits.

(b) The difference between cost and market value reflects a decrease in market value of \$21.4 million in 1981-82. The remaining difference of \$82.7 million is the provision for losses from previous years.

Alberta Heritage Savings Trust Fund
Financial Statements
March 31, 1982

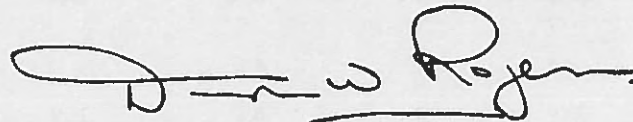
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Alberta Heritage Savings Trust Fund
Auditor's Report

To the Provincial Treasurer

I have examined the balance sheet of the Alberta Heritage Savings Trust Fund as at March 31, 1982 and the statements of income, retained earnings, transfers and fund equity, changes in financial position and Capital Projects Division statement of amounts expended for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Trust Fund as at March 31, 1982 and the results of its operations, the changes in its financial position and the amounts expended within the Capital Projects Division for the year then ended in accordance with the disclosed basis of accounting described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
June 30, 1982

Balance Sheet

March 31, 1982
(thousands of dollars)

ASSETS	<u>1982</u>	<u>1981</u>
Assets:		
Deposit in the Consolidated Cash Investment Trust Fund of the Province of Alberta _____	\$ 58,474	\$ 42,857
Accrued interest and accounts receivable _____	333,470	222,248
Due from the General Revenue Fund of the Province of Alberta _____	—	21,556
Marketable securities (Schedule 1) _____	849,151	1,290,746
Canada Investment Division investments (Schedule 2) _____	1,908,792	1,491,923
Alberta Investment Division investments (Schedule 3) _____	6,335,237	4,523,857
Energy Investment Division investments (Schedule 4) _____	25,000	25,000
Commercial Investment Division investments (Schedule 5) _____	<u>189,407</u>	<u>—</u>
	9,699,531	7,618,187
Deemed Assets:		
Capital Projects Division investments (Schedule 6) _____	<u>1,309,322</u>	<u>960,508</u>
	<u>\$11,008,853</u>	<u>\$ 8,578,695</u>
 LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable _____	\$ 33,263	\$ 49,997
Due to the General Revenue Fund of the Province of Alberta _____	<u>6,029</u>	<u>—</u>
	39,292	49,997
 Fund Equity:		
Represented by net assets (Statement B) _____	<u>9,660,239</u>	<u>7,568,190</u>
	9,699,531	7,618,187
Represented by deemed assets (Statement B) _____	<u>1,309,322</u>	<u>960,508</u>
	<u>\$11,008,853</u>	<u>\$ 8,578,695</u>

The accompanying notes are part of these financial statements.

Statement of Income, Retained Earnings, Transfers and Fund Equity

For the Year Ended March 31, 1982
(thousands of dollars)

	<u>1982</u>	<u>1981</u>
Income and Retained Earnings:		
Investment income before the undernoted _____	<u>\$ 1,034,814</u>	<u>\$ 718,928</u>
Add (deduct):		
Decrease (increase) in provision to adjust marketable securities to lower of aggregate cost or market value _____	<u>(21,399)</u>	19,963
Net loss on disposals of marketable securities _____	<u>(4,059)</u>	<u>(13,702)</u>
	<u>(25,458)</u>	<u>6,261</u>
Investment income, net (Note 3) _____	<u>1,009,356</u>	<u>725,189</u>
Administrative expenses (Note 4) _____	<u>2,653</u>	<u>1,342</u>
Net income for the year _____	<u>1,006,703</u>	<u>723,847</u>
Retained earnings at beginning of year _____	<u>1,641,631</u>	<u>917,784</u>
Retained earnings at end of year _____	<u>2,648,334</u>	<u>1,641,631</u>
 Transfers from the General Revenue Fund of the Province of Alberta (Note 5):		
Non-renewable resource revenue transfer for the year _____	<u>1,434,160</u>	<u>1,444,214</u>
Cumulative transfers at beginning of year		
As previously reported _____	<u>6,888,181</u>	<u>5,442,692</u>
Prior period adjustment (Note 5) _____	<u>(1,114)</u>	<u>161</u>
As restated _____	<u>6,887,067</u>	<u>5,442,853</u>
Cumulative transfers at end of year _____	<u>8,321,227</u>	<u>6,887,067</u>
 Fund equity at end of year _____	 <u>\$10,969,561</u>	 <u>\$ 8,528,698</u>
 Represented by:		
Net assets _____	<u>\$ 9,660,239</u>	<u>\$ 7,568,190</u>
Deemed assets _____	<u>1,309,322</u>	<u>960,508</u>
	<u>\$10,969,561</u>	<u>\$ 8,528,698</u>

Statement of Changes in Financial Position

For the Year Ended March 31, 1982

(thousands of dollars)

	<u>1982</u>	<u>1981</u>
Funds were provided by:		
Net income for the year _____	\$1,006,703	\$ 723,847
Non-cash items:		
Amortization of discount/premium on investments, net _____	(89,041)	(100,791)
Increase (decrease) in provision to adjust marketable securities to lower of aggregate cost or market value _____	<u>21,399</u>	<u>(19,963)</u>
Funds provided by operations _____	939,061	603,093
Non-renewable resource revenue transfer _____	1,434,160	1,444,214
Disposals, repayments and redemptions of investments:		
Marketable securities _____	2,381,064	2,427,382
Alberta Investment Division _____	547,766	191,069
Commercial Investment Division _____	10,000	—
Canada Investment Division _____	<u>2,500</u>	<u>1,250</u>
	<u>5,314,551</u>	<u>4,667,008</u>
Funds were applied to:		
Acquisitions of investments:		
Alberta Investment Division _____	2,357,090	1,574,265
Marketable securities _____	1,876,606	2,172,075
Canada Investment Division _____	417,555	563,302
Commercial Investment Division _____	198,498	—
Energy Investment Division _____	—	25,000
Capital Projects Division investments _____	<u>348,814</u>	<u>227,073</u>
	<u>5,198,563</u>	<u>4,561,715</u>
Net funds provided _____	<u>115,988</u>	<u>105,293</u>
Deduct:		
Increase in receivables _____	89,666	98,206
Decrease in payables _____	<u>10,705</u>	<u>8,346</u>
	<u>100,371</u>	<u>106,552</u>
Increase (decrease) in deposit in the Consolidated Cash Investment Trust Fund of the Province of Alberta _____	<u>\$ 15,617</u>	<u>\$ (1,259)</u>

Capital Projects Division Statement of Amounts Expended

For the Year Ended March 31, 1982

(thousands of dollars)

<u>Department/Project</u>	<u>Legislative Appropriation</u>	<u>Amounts Expended</u>	<u>Lapsed Appropriation</u>
Advanced Education and Manpower			
Alberta Heritage Scholarship Fund _____	\$100,000	\$100,000	\$ —
Library Development _____	3,288	3,000	288
Agriculture			
Food Processing Development Centre _____	830	804	26
Farming For The Future _____	3,500	3,499	1
Irrigation Rehabilitation and Expansion _____	22,095	22,073	22
Economic Development			
New Rail Hopper Cars _____	15,930	11,352	4,578
Energy and Natural Resources			
Alberta Oil Sands Technology and Research Authority _____	41,000	28,000	13,000
Conventional Oil Enhanced Recovery Programme _____	20,000	500	19,500
Alberta Reforestation Nursery _____	1,765	1,327	438
Maintaining Our Forests _____	4,988	3,490	1,498
Grazing Reserves Development _____	8,756	5,263	3,493
Environment			
Capital City Recreation Park _____	1,500	40	1,460
Fish Creek Provincial Park _____	1,500	1,500	—
Irrigation Headworks Improvement _____	24,376	15,916	8,460
Land Reclamation _____	5,000	3,575	1,425
Lesser Slave Lake Outlet _____	1,929	131	1,798
Paddle River Basin Development _____	9,182	9,053	129
Executive Council			
Occupational Health and Safety Research and Education _____	1,000	234	766

<u>Department/Project</u>	<u>Legislative Appropriation</u>	<u>Amounts Expended</u>	<u>Lapsed Appropriation</u>
Hospitals and Medical Care			
Alberta Children's Provincial General Hospital	\$ 9,200	\$ 7,243	\$ 1,957
Applied Cancer Research	4,735	2,876	1,859
Applied Heart Disease Research	12,440	10,066	2,374
Southern Alberta Cancer Centre and Specialty Services Facility	27,000	20,853	6,147
Walter C. MacKenzie Health Sciences Centre	46,000	41,044	4,956
Recreation and Parks			
Urban Parks	11,000	6,725	4,275
Fish Creek Provincial Park	2,807	2,153	654
Kananaskis Country Recreation Development	60,321	46,522	13,799
Transportation			
Airport Terminal Buildings	4,646	1,723	2,923
	<u>\$444,788</u>	<u>348,962</u>	<u>\$ 95,826</u>
Recovery of costs expended in previous years:			
Capital City Recreation Park		(148)	
		<u>\$348,814</u>	

Amounts expended were authorized under the Appropriation (Alberta Heritage Savings Trust Fund, Capital Projects Division) Act, 1980 and the Appropriation (Alberta Heritage Savings Trust Fund, Capital Projects Division) Supplementary Act, 1981.

Notes to the Financial Statements

March 31, 1982

Note 1 Authority

The Alberta Heritage Savings Trust Fund operates under the authority of the Alberta Heritage Savings Trust Fund Act, Chapter A-27, Revised Statutes of Alberta 1980.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

(i) These financial statements have been prepared in accordance with generally accepted accounting principles, except as follows:

- (a) The investment in Alberta Energy Company Ltd. included in the Alberta Investment Division represents 50% of the outstanding voting common shares of the company. The investment, which is valued at cost, was acquired before commencement of operations. Income is recognized only to the extent that dividends are received or receivable. The book value of the investment is not adjusted for the Fund's pro-rata share of retained earnings of the company.

The company reported retained earnings at December 31, 1981 of \$140,000,000 (1980 — \$119,400,000).

- (b) Capital Projects Division investments represent the aggregate net amount expended from November 4, 1976 to March 31, 1982 under the authority of "Appropriation Acts" passed pursuant to section 6(2)(a) of the Alberta Heritage Savings Trust Fund Act. The Capital Projects Division investments do not represent assets owned by the Alberta Heritage Savings Trust Fund. These investments are deemed to be assets of the Trust Fund with a value equal to the amounts expended pursuant to section 6(8)(a) of the Alberta Heritage Savings Trust Fund Act.

(ii) Other significant accounting policies are as follows:

- (a) Securities included in the Canada Investment Division, the Alberta Investment Division, the Energy Investment Division and the Commercial Investment Division are valued at cost. Cost includes the amount of applicable amortization of discount or premium using the straight line method over the life of the securities.
- (b) The participation in the Syncrude Project, included in the Alberta Investment Division, is accounted for at cost less amortization and depreciation.
- (c) Bonds included in marketable securities are valued at cost or market value, whichever is lower, on an aggregate basis. Money market securities are valued at cost. Cost includes the amount of applicable amortization of discount using the straight line method over the life of the securities.
- (d) The cost of disposals is determined on the average cost basis. Gains and losses arising as a result of disposals and any change in the provision to adjust the cost of marketable securities to the lower of aggregate cost or market value are included in the determination of investment income, net.
- (e) Marketable securities and payables in respect of forward exchange contracts denominated in foreign currency are translated at the current rate of exchange at the balance sheet date.

Unrealized exchange gains or losses which relate to the translation of monetary hedged assets are deferred.

Note 3 Segmented Information

Segmented information on investment income, net is as follows:

	<u>1982</u>	<u>1981</u>
Deposit in the Consolidated Cash Investment Trust Fund of the Province of Alberta _____	\$ 29,544,000	\$ 30,912,000
Marketable securities:		
Money market _____	91,524,000	115,613,000
Bonds _____	28,633,000	61,487,000
Canada Investment Division investments:		
Debentures _____	194,615,000	128,261,000
Alberta Investment Division investments:		
Debentures _____	628,834,000	357,958,000
Common shares _____	4,546,000	3,408,000
Participation in Syncrude Project (a) _____	26,947,000	27,277,000
Energy Investment Division investments:		
Debenture _____	3,469,000	273,000
Commercial Investment Division investments:		
Money market securities _____	939,000	—
Convertible bonds _____	75,000	—
Common shares _____	230,000	—
	<u>\$1,009,356,000</u>	<u>\$ 725,189,000</u>
 (a) Participation in Syncrude Project comprises:		
Sales of share of substances produced _____	\$ 110,858,000	\$ 83,267,000
Less total operating costs _____	83,911,000	55,990,000
	<u>\$ 26,947,000</u>	<u>\$ 27,277,000</u>

Note 4 Administrative Expenses

	<u>1982</u>	<u>1981</u>
Expenses paid directly from the Fund pursuant to section 11(1) of the Alberta Heritage Savings Trust Fund Act	\$1,588,000	\$ 464,000
Other administrative expenses estimated and charged to the Fund pursuant to section 11(2) of the Alberta Heritage Savings Trust Fund Act	1,065,000	878,000
	<u>\$2,653,000</u>	<u>\$1,342,000</u>

Administrative expenses for the year ended March 31, 1982 relating to the Syncrude Project estimated at \$521,000 (1981 — \$402,000) are not included in other administrative expenses but are reflected in results of operations of the project for the year.

Administrative expenses include an amount of \$1,004,000 (1981 — \$245,000) expended to communicate the role and activities of the Fund.

Note 5 Transfer from the General Revenue Fund

30% of the estimated non-renewable resource revenue received by the Province during the year ended March 31, 1982 has been transferred to the Alberta Heritage Savings Trust Fund pursuant to section 5(5) of the Alberta Heritage Savings Trust Fund Act. An adjustment will be made pursuant to section 5(6) of the Act on the finalization of the 1981-82 Public Accounts, so that the amount of the non-renewable resource revenue in the Alberta Heritage Savings Trust Fund for the year ended March 31, 1982 becomes equal to 30% of the non-renewable resource revenue received in that year.

The prior period adjustment of \$1,114,000 (1981 — \$161,000) represents the adjustment made on the finalization of the 1980-81 Public Accounts.

Note 6 Capital Projects Division Commitments

The Legislative Assembly has authorized the expenditure of \$400,590,000 for Capital Projects Division investments during the period April 1, 1982 to March 31, 1983 pursuant to the Appropriation (Alberta Heritage Savings Trust Fund, Capital Projects Division) Act, 1981.

Note 7 Contingencies

Claims pending at March 31, 1982 in respect of Capital Projects Division land acquisitions, excluding interest and costs if any, exceed amounts expended by approximately \$43,000,000 (1981 — \$37,000,000). The actual liability cannot be determined until expropriation proceedings are completed.

Note 8 Alberta Petroleum Incentives Program Act

In May 1982, the General Revenue Fund commenced transferring money to the Alberta Petroleum Incentives Program Fund. These transfers will, in 1982-83 and subsequent years, reduce the amount of non-renewable resource revenue to be transferred to the Alberta Heritage Savings Trust Fund (Note 5).

Note 9 Comparative Figures

The 1981 figures have been restated where necessary to conform to the 1982 presentation.

Note 10 Approval of Financial Statements

These financial statements were approved by management on June 30, 1982.

Alberta Heritage Savings Trust Fund
Marketable Securities

Schedule 1

March 31, 1982
(thousands of dollars)

	<u>Par Value</u>	<u>Cost</u>	<u>Market Value</u>
Bonds:			
Government of Canada, direct and guaranteed _____	\$ 289,610	\$ 286,200	\$ 225,262
Provincial, direct and guaranteed:			
Alberta _____	4,740	4,464	3,205
Other provinces _____	122,700	118,223	80,812
Corporate _____	18,100	17,997	13,511
	<u>\$ 435,150</u>	<u>426,884</u>	<u>322,790</u>
Money market securities:			
Bearer deposit notes _____		223,422	223,422
Deposit receipts _____		123,835	123,835
Short term promissory notes _____		71,728	71,728
Treasury bills _____		65,839	65,839
Mid term promissory notes _____		23,000	23,000
Bankers' acceptances _____		18,537	18,537
		<u>526,361</u>	<u>526,361</u>
Total marketable securities _____		<u>\$ 953,245</u>	<u>\$ 849,151</u>
1981 comparative total _____		<u>\$1,373,441</u>	<u>\$1,290,746</u>

Alberta Heritage Savings Trust Fund
Canada Investment Division Investments

Schedule 2

March 31, 1982
(thousands of dollars)

	1982		Cost	
	<u>Par Value</u>		<u>1982</u>	<u>1981</u>
Debentures (a):				
Province of Manitoba _____	\$ 260,000		\$ 257,984	\$ 182,906
Province of New Brunswick _____	247,000		243,859	169,585
New Brunswick Electric Power Commission _____	135,000		132,881	132,733
Province of Newfoundland _____	155,000		153,587	98,737
Newfoundland and Labrador Hydro _____	150,000		147,714	147,585
Newfoundland Municipal Financing Corporation _____	80,000		79,102	59,161
Province of Nova Scotia _____	235,000		231,429	206,280
Nova Scotia Municipal Finance Corporation _____	71,250		70,836	48,332
Nova Scotia Power Corporation _____	125,000		123,525	98,489
Province of Prince Edward Island _____	94,000		92,553	48,036
Hydro-Quebec _____	385,000		375,322	300,079
	<u>\$1,937,250</u>		<u>\$1,908,792</u>	<u>\$1,491,923</u>

(a) Debentures bear interest rates from 9.50% to 17.75% with maturity dates from December 19, 1982 to July 15, 2005.

Alberta Investment Division Investments

March 31, 1982
(thousands of dollars)

	1982	1981
Provincial corporation debentures (a):		
Alberta Agricultural Development Corporation _____	\$ 548,240	\$ 323,240
Alberta Government Telephones Commission _____	1,472,402	1,267,922
Alberta Home Mortgage Corporation _____	1,903,210	1,154,374
Alberta Housing Corporation _____	725,732	525,455
Alberta Municipal Financing Corporation _____	1,008,178	625,000
Alberta Opportunity Company _____	125,800	106,800
Corporate debentures:		
TransAlta Utilities Corporation		
13.75% maturing on April 17, 1985 _____	19,787	19,717
Bralorne Resources Limited		
12.875% maturing on August 15, 1995 _____	5,000	5,000
Interprovincial Steel and Pipe Corporation Ltd.		
14.50% maturing on May 15, 1995 _____	5,000	—
Canadian Commercial Bank		
maturing on July 4, 1986 (b) _____	5,000	—
Preferred shares:		
Standard Guarantee Holdings Ltd.		
12% cumulative, redeemable _____	1,000	—
Common shares:		
Alberta Energy Company Ltd. (c) _____	76,764	76,488
Standard Guarantee Holdings Ltd. _____	100	—
Participation in Syncrude Project (d) (e) _____	439,024	183,722
Convertible debentures:		
Gulf Canada Resources, Inc. 8.125% (e) _____	—	118,537
Canada-Cities Service Ltd. 8.375% (e) _____	—	117,602
	<u>\$6,335,237</u>	<u>\$4,523,857</u>

- (a) Provincial corporation debentures bear interest rates from 9.00% to 18.40% with maturity dates from August 1, 1982 to March 31, 2012.
- (b) Interest rate floats at the Bank's prime lending rate less 0.5%.
- (c) Pursuant to section 19(1) of the Alberta Energy Company Act, the aggregate amount that the Province may have invested in the company at any time, or be committed to invest, in common shares shall not exceed \$250 million as the purchase price thereof. Authorization has been given to purchase and dispose of shares of the company to maintain the percentage of voting shares held by the Fund at any time at 50% of the total number of issued and outstanding voting shares of the company. At March 31, 1982, the Fund held 22,745,627 common shares of the company (1981 — 22,730,252 common shares).
- (d) Authorization has been given to pay from the Fund the Province's share of construction and operating costs incurred under the Syncrude Project-Ownership and Management Agreement. As a 16.74% (1981 — 8%) participant in the project, the Fund is, as lessee, entitled to its proportionate share of all substances produced subject to the liabilities to the Province of Alberta, as lessor, in accordance with the Alberta Crown Agreement. The Fund's participation in the project is summarized hereunder:

	1982	1981
Balance at beginning of year	\$183,722,000	\$179,081,000
Acquisition of an additional 8.74% share	236,139,000	—
Acquisition of capital assets	12,789,000	8,663,000
Acquisition of working capital	15,183,000	2,139,000
Depreciation and amortization of capital assets	(8,809,000)	(6,161,000)
Balance at end of year	<u>\$439,024,000</u>	<u>\$183,722,000</u>

It is intended that the cost of participation will be fully amortized by December 31, 2004, the date of expiry of the approval of the project by the Energy Resources Conservation Board.

- (e) Interest under loan agreements with Gulf Canada Limited and Gulf Canada Resources, Inc. amounting to \$18,537,000 and with Cities Service Company and Canada-Cities Service Ltd. amounting to \$17,602,000, accrued from the dates the funds were advanced to March 1, 1979 (the Conversion Computation Date), was capitalized. During the year the Province exercised its option to convert the debentures into an 8.74% interest in the Syncrude Project. Effective January 1, 1982, the Fund's participation in the project increased from 8% to 16.74%.

Energy Investment Division Investments

March 31, 1982

(thousands of dollars)

	<u>1982</u>	<u>1981</u>
Corporate debenture:		
Luscar Ltd.		
13.875% maturing on December 2, 1989 _____	<u>\$25,000</u>	<u>\$25,000</u>

Repayable in equal quarterly amounts beginning March 2, 1985.

Commercial Investment Division Investments

March 31, 1982

(thousands of dollars)

	<u>Cost</u>	<u>Market Value</u>
Canadian common shares:		
Communications _____	\$ 3,177	\$ 3,073
Consumer goods and services _____	10,360	9,952
Financial services _____	1,906	1,923
Forest products _____	4,669	4,341
Industrial goods and services _____	11,931	10,890
Management companies _____	4,947	4,601
Merchandising _____	4,979	4,928
Metals and minerals _____	13,901	12,708
Oil and gas _____	16,678	15,615
Pipelines _____	4,547	4,252
Transportation _____	2,588	2,228
Utilities _____	6,158	6,275
	85,841	80,786
Convertible bonds _____	5,135	4,947
Money market securities _____	98,431	98,431
Total investments _____	<u>\$189,407</u>	<u>\$184,164</u>
1981 comparative total _____	<u>\$ —</u>	<u>\$ —</u>

The industrial classifications are those used by the Toronto Stock Exchange.

Capital Projects Division Investments

March 31, 1982
(thousands of dollars)

<u>Department/Project</u>	<u>1982</u>	<u>1981</u>
Advanced Education and Manpower		
Alberta Heritage Scholarship Fund _____	\$ 100,000	\$ —
Library Development _____	8,712	5,712
Agriculture		
Food Processing Development Centre _____	804	—
Farming For The Future _____	9,963	6,464
Irrigation Rehabilitation and Expansion _____	66,880	44,807
Economic Development		
New Rail Hopper Cars _____	53,911	42,559
Education		
Alberta Heritage Learning Resources _____	9,222	9,222
Energy and Natural Resources		
Alberta Oil Sands Technology and Research Authority _____	156,949	128,949
Conventional Oil Enhanced Recovery Programme _____	500	—
Alberta Reforestation Nursery _____	13,439	12,112
Maintaining Our Forests _____	6,937	3,447
Grazing Reserves Development _____	15,890	10,627
Environment		
Capital City Recreation Park _____	41,158	41,266
Fish Creek Provincial Park _____	26,958	25,458
Irrigation Headworks Improvement _____	32,954	17,038
Land Reclamation _____	13,368	9,793
Lesser Slave Lake Outlet _____	1,293	1,162
Paddle River Basin Development _____	13,758	4,705
Executive Council		
Occupational Health and Safety Research and Education _____	234	—
Hospitals and Medical Care		
Alberta Children's Provincial General Hospital _____	35,573	28,330
Applied Cancer Research _____	13,902	11,026
Applied Heart Disease Research _____	29,341	19,275
Southern Alberta Cancer Centre and Specialty Services Facility _____	80,835	59,982
Walter C. MacKenzie Health Sciences Centre _____	130,475	89,431
Alberta Heritage Foundation for Medical Research Endowment Fund _____	300,000	300,000
Recreation and Parks		
Urban Parks _____	6,725	—
Fish Creek Provincial Park _____	14,637	12,484
Kananaskis Country Recreation Development _____	113,373	66,851
Transportation		
Airport Terminal Buildings _____	11,531	9,808
	<u>\$1,309,322</u>	<u>\$ 960,508</u>

