

# Final Report

Mission to Norway, the Netherlands and Ireland  
January 5-16, 2009



## Overview:

Honourable Iris Evans and Troy Holinski, Executive Assistant to the Minister, travelled to Norway, the Netherlands and Ireland from January 5-16, 2009. Minister Evans met with the finance communities and government leaders in Norway, the Netherlands, and Ireland to look at best practices in savings strategies, pension management and economic development, and to discuss recent events in world financial markets and their potential impact on Alberta's growth.

In meetings with senior executives of Norwegian and Dutch energy, chemical and engineering firms, and during an address to an audience of senior Irish banking and investment professionals, the Minister outlined how Alberta's history of prudent fiscal management would help it to weather the current economic downturn. The Minister also emphasized the Alberta government's commitment to economically and environmentally sustainable development of the province's oil sands resources.

The mission was successful in meeting its objectives as outlined below.

## Mission Objectives:

- To assess best practices in sovereign and pension fund management as practiced in mature, resource-based economies, in particular, those of Norway and the Netherlands.
- To promote government priorities and action plans concerning oil sands development, environmental management, value-added strategy, and facilitating a positive investment climate in the province, and to gain a better understanding of the cost competitiveness challenges facing energy projects both in Alberta and in the global context.
- To assess best practices of financial services sector cluster development.
- To determine how the recent financial crisis and decline in oil prices may impact the global energy and banking sectors.

## Results:

Minister Evans' meetings with major energy companies in Norway and the Netherlands allowed her to engage in substantive discussions on the challenges and opportunities related to the sustainable development of our oil sand resources and to outline the province's commitment to the development of an integrated hydrocarbon industry. Minister Evans also met with senior executives to explore how their companies could become strategic participants in an emerging chemical cluster in Alberta.

Minister Evans' meetings in Norway provided an excellent overview of that country's strategies for the management of its oil wealth and its philosophy of investing this wealth for future generations. The Minister also learned how Norway addresses the opportunities and challenges inherent in resource-based economies.

In the Netherlands, the Minister met with public pension fund management experts and was able to observe how government leadership in that country has led to almost universal coverage for all citizens by employer-contributed pension funds.

In Ireland, the Minister met with banking and government officials, and was introduced to the best practices in economic development that have led to the successful diversification of the Irish economy.

In all three countries, the Minister was able to highlight what the Alberta government is doing to preserve the province's positive investment climate and to articulate the government's initiatives on environmental management, fiscal management, infrastructure investment, and immigration facilitation.

#### **January 5 – 6**

The Minister traveled from Edmonton to Oslo, Norway.

#### **January 7-9 - Norway**

The Minister met with senior officials from the Norwegian Ministry of Finance and Asset Management Department, the Norway Pension Fund – Global, the Council on Ethics, the Norway Pension Fund – Domestic and Norges Bank Investment Management. These meetings provided a detailed understanding of the Norwegian philosophy and practice for investing revenues generated by oil production for the benefit of current and future generations of Norwegians.

Norwegian officials explained that the Norwegian government and many Norwegians view themselves as stewards of the wealth generated by the country's oil resources and that this oil fortune is volatile and therefore should be converted into financial assets. While the management of Norway's oil assets is the responsibility of the Norway Pension Fund – Global, it is the government's responsibility to set risk levels and ethical guidelines based on what they believe are the preferences of Norwegian citizens. They are assisted in this by the Council on Ethics, an independent body that continuously assesses each investment of the Norway Pension Fund – Global to ensure that every company adheres to business practices that respect human rights and the environment, in keeping with values expressed by Norwegians.

Minister Evans also met with a number of companies, including Yara, one of the world's largest fertilizer companies and Urea producers, and a company that has developed unique technologies to help reduce industrial air emissions. Yara was informed about the province's chemical industry cluster vision, invited to introduce its environmental technologies to Alberta industry and encouraged to consider investment in Alberta.

In her meeting with Statoil, Minister Evans discussed the challenges posed by the current low oil price environment and the overall tightening of credit worldwide, which has eroded short-term project economics for a number of oil sands related projects. The Minister discussed the province's commitment to assisting companies with the development of Carbon Capture and Storage (CCS) to meet greenhouse gas reduction commitments and reaffirmed that the Alberta oil sands remain one of the best remaining global energy opportunities.

The Minister also met with Norwegian bank DBNor and Det Norske Veritas, which has established a unique expertise in the assessment of risk and development of technical guidelines for CCS projects. At a dinner hosted by Canadian Ambassador Jillian Stirk, Minister Evans met additional leaders of the Norwegian business community, many with current or expected interests in Alberta.

### **January 12 – 13 – The Netherlands**

Minister Evans met with the Chief Executive Officer of APG, the Dutch pension fund management company that manages the pension funds of the Dutch civil service, as well as about 4,000 individual employers. APG functions at arms length from government, although it is a public institution. It is managed by a hands-on board of directors, each of whom must commit to active involvement in the management of the organization and who are chosen for the business skills they can contribute. APG invests both in domestic infrastructure projects and the private sector, and assesses its performance yearly. It is overseen by the Central Bank of the Netherlands (Nederlandsche Bank), which is the regulator and supervisor of the APG on behalf of the Government.

The Minister learned that all except self-employed Dutch are covered by mandated pension plans, which are contributed to by employers and employees. Pension funds are legally required to maintain funded liability between 105 per cent to 125 per cent. All Dutch citizens are entitled to a basic government pension in addition to their employment-related funds. As the population of the Netherlands ages, there is increasing concern that the Dutch pension system will become unsustainable, particularly given their low labour force participation rates.

Minister Evans also met with a number of experts on “Dutch disease”. This occurs when the strength of a single sector outstrips that of every other sector, distorting competition for labour and other resources, and leading to currency inflation that impedes the ability of export-based sectors of the economy to compete. The Dutch believe it is important that a portion of government revenues earned from the dominant sector be set aside as savings for future generations, and that another portion of these revenues should also be used to stimulate other strategic sectors of the economy.

During her trip to the Netherlands, the Minister also met with Shell and discussed how to enhance the competitive conditions for oil sands projects and established that Alberta and Shell share an interest in the environmentally responsible development of the oil sands.

**January 13 – 15 - Ireland**

Minister Evans met with senior officials of the Central Bank and Financial Services Authority of Ireland and with senior officials of the Irish Ministry of Finance. They discussed the global economic climate and effects of the downturn on the Irish and Alberta economies, as well as exchanging views on actions that government can take to help weather these challenging times.

The Minister also met with economic development and industry development executives in Enterprise Ireland and the Industrial Development Authority, as well as with executives of BMO Ireland and Citibank Ireland, to learn how Ireland has achieved its success in developing a robust financial services cluster. Having begun as a low cost centre of data processing and back office operations for financial institutions, Ireland has built on this base to attract strategic decision making and research and development functions as well. The Minister also learned about the success of Ireland's productivity initiatives, which are designed to assist Irish companies in becoming and remaining globally competitive.

**January 16, 2009**

The Minister traveled back to Alberta.

**Delegation:**

Honourable Iris Evans, Minister of Finance and Enterprise  
Troy Holinski, Executive Assistant to the Minister