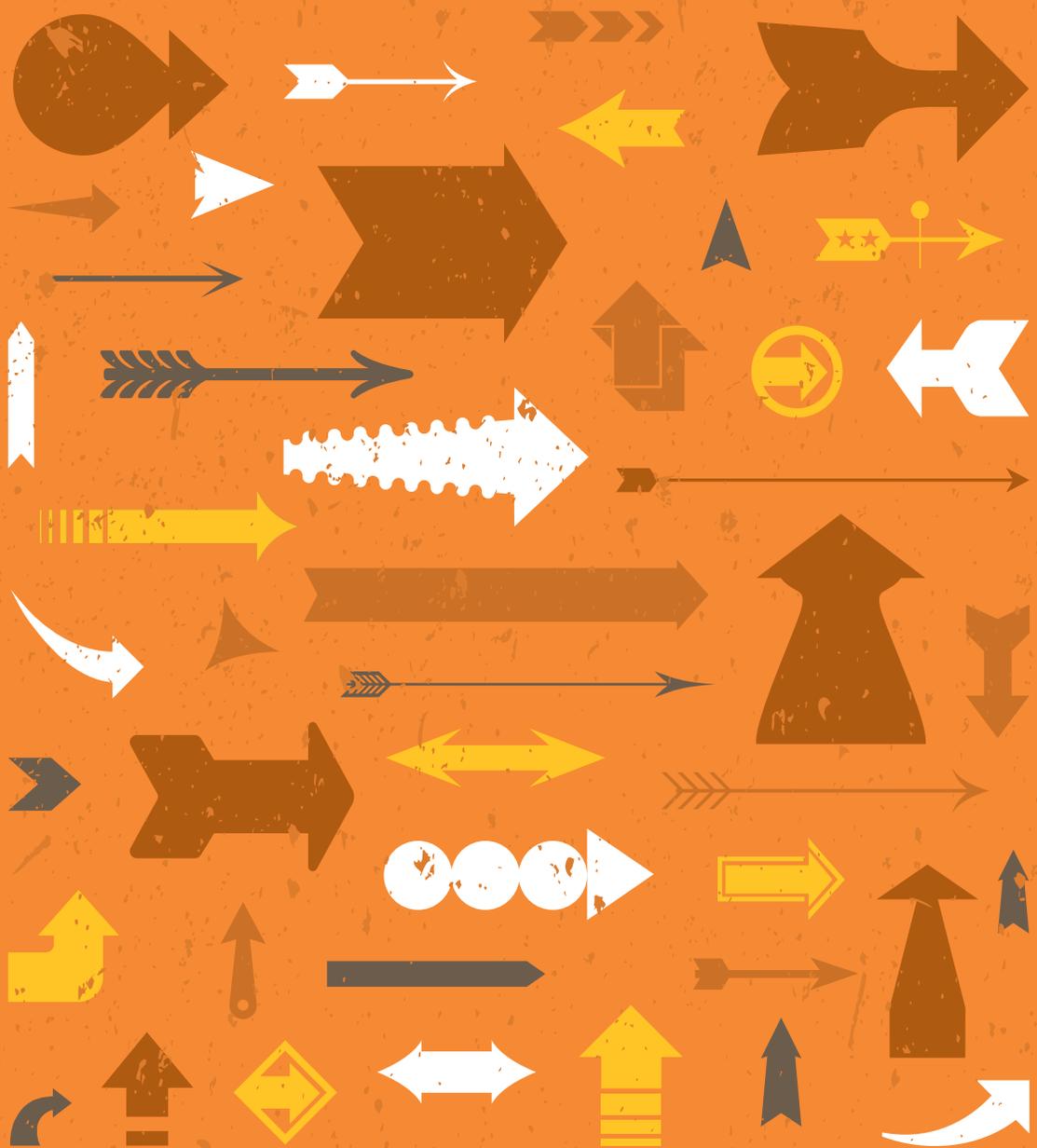




2011

ANNUAL REPORT
READY FOR THE ROAD AHEAD

ALBERTA PENSIONS SERVICES CORPORATION



2011

OUR MISSION:

A MISSION DESCRIBES OUR PURPOSE.

On behalf of the Trustee, obligations for risk-managed, efficient and effective pensions services are met; and the needs of plan beneficiaries, employers, and plan governors are met at a cost that demonstrates good stewardship of resources.

OUR VISION:

A VISION DEFINES WHAT WE WANT OUR ORGANIZATION TO BE.

Alberta Pensions Services Corporation (APS) is highly valued and trusted to:

- Provide clear information and support
- Deliver service with skill and care
- Meet obligations and keep promises
- Demonstrate the value of pension plans
- Make the pension experience easier

Guided by shared values, our employees make it possible.

OUR VALUES:

A VALUE IS SOMETHING WE HOLD DEAR.

Stewardship - We efficiently deliver services to our clients

Client Service - We continually improve on the products and services we deliver to clients

Engagement - We are highly motivated to achieve business goals

Respect - We show consideration and appreciation for diversity in others

Collaboration - We work together to achieve our goals

WHO WE ARE

APS was incorporated in 1995 under Alberta's Business Corporations Act with the Government of Alberta as the sole Shareholder. APS guides the pension experience on behalf of seven public sector pension plans and two supplementary plans. The plans are as follows:

- Local Authorities Pension Plan (LAPP)
- Public Service Pension Plan (PSPP)
- Management Employees Pension Plan (MEPP)
- Special Forces Pension Plan (SFPP)
- Public Service Management (Closed Membership) Pension Plan (PSM(CM)PP)
- Members of the Legislative Assembly Pension Plan (MLAPP)
- Supplementary Retirement Plan for Public Service Managers (MSRP)
- Provincial Judges and Masters in Chambers (Registered) Pension Plan (PJMC(R)PP)
- Provincial Judges and Masters in Chambers (Unregistered) Pension Plan (PJMC(U)PP)

WHAT WE DO

APS provides direct services to 235,735 active and deferred members, 76,753 pensioners and 502 employers. On behalf of the Trustee, the Minister of Finance, APS provides trusted pensions services including:

- benefit calculations and payments;
- member and pensioner communications, education and information support;
- employer remittance management and reconciliations;
- employer communications, education and information support;
- plan governors' services;
- policy development and implementation;
- communications design and delivery;
- compliance, regulatory and financial reporting for pension plans; and
- records maintenance.

MESSAGE FROM THE BOARD CHAIR

AL MONDOR
APS BOARD CHAIR



On behalf of the Board of Directors (the Board), I am pleased to present the APS Annual Report for the year ended December 31, 2011.

Much of the Corporation's work in 2011 stemmed from the Board's 2010 revisions to the Mission Statement and Ends Policies. The new Mission Statement and Ends Policies steered the creation of the Five-Year Strategic Plan: 2012 - 2016, which will serve as APS' road map going forward. APS developed the Strategic Plan and the final version was accepted by the Board in September.

Key to the Strategic Plan is putting the right technology, processes and policies in place to prepare APS for the road ahead. To that end, three major projects are underway: Next Generation, Pension Policy Simplification and Business Process Simplification. These projects will result in a conversion of our current pension services system to one that is more efficient, fully integrated and adaptable. The Next Generation project, in particular, is critical to APS' ability to respond to increased service demand in an effective and efficient manner. Because of its importance, the Board will take an active role in the governance of this project in 2012 to ensure proper controls are in place to mitigate risks during its implementation.

Every year the Board sets targets in a Corporate Scorecard to measure the Corporation's performance. The targets approved by the Board for 2011 continued to align to the strategic priorities contained in the business plan, with more emphasis on the ability to deal with the

complexity and diversity of APS' operations. As a result, new measures and targets were included in the 2011 Corporate Scorecard for: employer compliance; plan updates and valuations; tax compliance; records management; and updated measures related to the three major projects. The APS team responded very well to the 2011 Corporate Scorecard with one of its most successful years to date by meeting or exceeding most of its targets.

The Board welcomed two new Directors in 2011. Mark Prefontaine took over from Dennis Gartner as the Government of Alberta's nominee effective May 1, 2011. Scott Kashuba replaced Rod McDermand as the nominee from the Management Employees Pension Board effective December 31, 2011. The Board thanks Rod and Dennis for their service and strong contributions.

I wish to acknowledge the tremendous work of APS staff, and specifically the contributions of President and CEO, Monica Norminton. Ms. Norminton, who will be missed by all of us at APS, has moved on to new opportunities in 2012. The Corporation has undergone a significant transformation under her leadership, and is well-positioned to embark on the next phase of its journey. The Board thanks Ms. Norminton for her excellent leadership while at APS and wishes her well in her new endeavour.

Sincerely,

[Original signed by]

Al Mondor, FCA
Chair

MESSAGE FROM THE PRESIDENT AND CEO



LESLEY BOWERING
Acting President and CEO

APS had one of its most successful years in 2011. The Corporation is positioning itself to respond to the trends we are certain will impact our business in the coming years, while continuing to provide risk-managed, timely and quality service.

The population is aging and more of the members we serve are approaching retirement age. The pension plans continue to face funding pressures as global economic uncertainty shows no signs of abating. Demand for timely, accurate and quality service is expected to grow and the workforce is becoming increasingly diverse and mobile. APS needs to prepare to ensure our policies, processes, technology and people are ready and responsive to change. With the new Mission and Ends Policies as our parameters, we set about developing a new Five-Year Strategic Plan to ready us for the road ahead.

Three major initiatives—Next Generation, Pension Policy Simplification and Business Process Simplification—will define our business in the coming years. In 2011, APS selected a business solution to replace several aging pension administration systems. We developed our business case and presented it to plan governors, and the Trustee, the Minister of Finance. We documented business processes and presented an overview of our intentions to reduce plan complexity to the plan boards.

APS introduced a human resources strategy to ensure our employees have the support they need to adapt to changes in our environment.

The strategy is designed to support the entire employee life cycle, and build a values-based culture that readies us all for change. We saw improvements to our overall employee engagement score and will continue to build on our momentum.

We received accolades for our Risk Management Program, and an external assessment of our Privacy Program shows our privacy maturity to be higher than our peers in the public sector. These accomplishments speak to the commitment of APS employees in both reporting and resolving incidents, and complying with legislation.

Our client satisfaction scores, led by strong pensioner satisfaction, remain solid. In addition, we offered new products and services to members and employers. Following the successful launch of the new LAPP website in 2010, we unveiled new websites for PSPP, MEPP and SFPP. Members received inaugural spring and fall newsletters containing important information about their pension plans. We expanded our Go Green service to include these newsletters, and we offered online registration for one-on-one and group information sessions.

These successes occurred under the leadership of Monica Norminton, President and CEO. Ms. Norminton left APS in January 2012 to pursue new opportunities. We are thankful for her many contributions and wish her the very best.

Sincerely,

[Original signed by]

Lesley Bowering, CEBS, MBA
Acting President and
Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS – A YEAR IN REVIEW

APS spent much of 2011 laying the groundwork to ready our business for the road ahead. Guided by our new mission, and in preparation for three major initiatives, we spent significant effort developing our long-term strategic plan to meet the opportunities and challenges coming our way.

We know where we are going and what it will take to get there. To that end, we identified six areas of focus required to successfully deliver on our mission and vision in 2012. These include:

1. Pension Policy: The right rules applied correctly.
2. Pension Process: Doing the right thing the right way.
3. Technology Experience: Information when it is needed.
4. Products: Clients trust and understand the services we provide.
5. People: The right person, with the right skills, in the right job at the right time.
6. Engagement: How we make an impact.

Through 2011, the Corporation continued to provide risk-managed, efficient and effective pensions services. We delivered on this commitment within the framework of our strategic priorities, which guide our operations.

STRATEGIC PRIORITY ONE: DELIVER VALUED PENSION SERVICES

APS is shaped by our environment and by the needs and expectations of our clients. The demographics of these groups and their need for services continue to evolve.

As pension decisions can be complex and life-changing, engagement with our key audiences helps determine our pace. Our approach to service delivery must be managed and measured through evaluation and research, and we may need to make adjustments to add value where there is the greatest demand for service.

In 2011, total plan membership grew by approximately three per cent. Several large employers accounted for most of the increase, but new members and individuals rejoining the pension plans accounted for 21 per cent of this total. There was a 23 per cent decrease in the number of members choosing to exit the plans.



In 2011, total plan membership
grew by approximately 3%.

TABLE 1: YEAR-END MEMBERSHIP

These numbers include active members, deferred members and pensioners.

PLAN MEMBERSHIP	2011	2010	% CHANGE
LAPP	214,328	206,249	3.9
PSPP	77,147	77,924	(1.0)
MEPP	9,849	9,366	5.2
SFPP	6,433	6,261	2.7
MSRP	1,766	1,715	3.0
PSM(CM)PP	2,224	2,285	(2.7)
PJMC(R)PP	278	263	5.7
PJMC(U)PP	250	237	5.5
MLAPP	213	214	(0.5)
Total	312,488	304,514	2.6

MEMBER SERVICES

On behalf of the pension plans, the Member Services Centre (MSC) provides responsive and focused support to clients. The MSC responded to more than 78,000 calls in 2011, which is a 10.2 per cent increase from 2010.

The abandoned call rate (the per cent of calls disconnected by the client) dropped to 4.2 per cent from 6.8 per cent in 2010; which is an outstanding result considering the increase in volume.

Additionally, the degree of satisfaction members expressed regarding inquiries resolution was above 50 per cent. This exceeded our goal of 49 per cent.

As in previous years, the most common queries across the pension plans were related to retirements and terminations. In support of

this, the MSC provides one-on-one counselling sessions as an additional service for members nearing retirement. In 2011, we conducted 1,605 member counselling sessions, which was only a slight decline from the previous year.

Overall, the transaction volume increased in 2011. There were almost 1,000 more transactions than in the previous year; however, there were significant changes within some transaction categories. For example, APS saw a 19 per cent decline in retirement transactions. Actual members retiring in 2011 decreased by only five per cent. A 233 per cent increase in reciprocal transfers was due to the transfer of nearly 3,000 health workers from the Public Service Pension Plan to the Local Authorities Pension Plan.

TABLE 2: TRANSACTIONS

TRANSACTION CATEGORIES	2011	2010	% CHANGE
Enrolments	17,640	13,673	29
Re-enrolments	3,911	2,393	63
Retirements	22,310	27,561	(19)
Disability	180	226	(20)
Death	708	748	(5)
Terminations	28,968	32,887	(12)
Purchase of Service	33,396	31,360	6
Reciprocal Transfers	3,930	1,181	233
Marriage Breakdown	602	617	(2)
Marriage Payout	807	805	0
Total Transactions	112,452	111,451	1

TOTAL SERVICES SCORE

The Board of Directors (the Board) uses a Corporate Scorecard to measure our progress against our business goals. CEM Benchmarking is a third-party measurement used to conduct annual surveys of pension administrators to determine how we compare to our peers.

One of the measures in the scorecard, the Total Service Score (TSS), covers such transactions as pension payments, retirements, and calls to the MSC. APS received a score of 62 per cent, compared to 77 per cent for our peers. The TSS is replacing the Transaction Volume Score, which is no longer measured by benchmarking technology. The 2011 results will now be our benchmark.

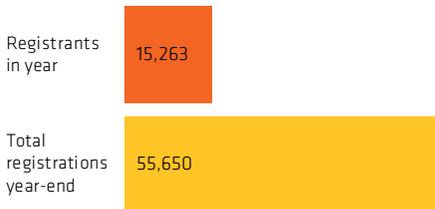
NEW PRODUCTS AND SERVICES

Through engagement with our clients, we learn more about their service needs. Many of the new products and services APS provided in 2011 were developed in response to feedback obtained from these valued groups through market research including:

- New websites (in addition to the successful launch of the LAPP website in 2010) for PSPPP, MEPP and SFPP. Improvements in the navigation, design and functionality of these sites are intended to provide a more engaging online experience. APS received a merit award in June 2011 from the local chapter of the International Association of Business Communicators (IABC) in the category of Communications Skills and Tactics – Ongoing Tactics.

- Semi-annual newsletters mailed directly to members that contain important information about their plan's financial status and benefits. As of December 31, 2011, nearly 2,600 members have signed up for a Go Green option, which allows members to receive e-mail notification of when the newsletter is available online.
- Online registration options for clients nearing retirement. Making the pension experience even easier, plan members can now register for one-on-one information sessions using **mypensionplan**—the secure website used by active and deferred members. Online registration was extended to group registration for employers through Employer Online Services, a secure website for employers.
- A new Leave of Absence Notice of Cost package. APS relieved employers of the administrative burden of distributing the packages by mailing them directly to members, and members now have the option of registering their decision to purchase their leave on **mypensionplan**.

MYPENSIONPLAN USAGE STATISTICS IN 2011



mypensionplan.ca:
the secure website used by
active and deferred members



CLIENT SATISFACTION

APS' promise is to provide timely, clear and accurate answers to pension questions. To ensure we are delivering on our promise, a third party surveys members, those who are participating in the retirement process, and pensioners. APS continues to exceed targets for client satisfaction. Targets for all three groups were 82 per cent, but we achieved scores of 84 per cent for members, 83 per cent for members in transition and a 92 per cent for pensioners. These numbers show APS employees consistently meet the needs of our members by demonstrating knowledge, professionalism and courtesy.

EMPLOYER SERVICES

Employers play a critical role in the administration of the pension plans. APS' mandate is to provide employers with appropriate information and support to meet their needs related to pension administration. In order to fulfil our mandate, we survey employers on a regular basis and use their input in determining areas for improvement.

In 2011, APS implemented enhancements to telephony systems to improve reporting and tracking of employer satisfaction. We are now better able to manage call volumes by employers and to determine the reasons for the inquiries. This reporting is instrumental in helping create trending analysis, and from this, we can target employers' needs for information.

EMPLOYER SATISFACTION

Employer satisfaction is a blended score consisting of general satisfaction with the services and products APS provides, plus the degree to which employers comply with legislative requirements. We set a target of 78 per cent on employer satisfaction and 74 per cent on employer compliance. Our actual result was 78 per cent for employer satisfaction and 89 per cent on employer compliance for a blended score of 83 per cent.

PLAN UPDATES AND PLAN VALUATIONS

APS' ability to accurately implement plan administrative changes is critical to ensuring timely and accurate administration of pensions and benefits. In 2011, a total of 15 plan updates were implemented including contribution rate changes for LAPP and PSPP, assumption changes for MEPP and PSPP, and quarterly and annual rate updates.

Plan actuaries rely on APS for accurate and timely data to complete a plan valuation, which determines the financial health of the pension plan. APS has set a measure of eight weeks total, from the time we receive a request for a valuation, until we deliver the data. In 2011, both PSPP and LAPP requested data for plan valuations. In both instances, APS achieved its target of eight weeks to completion.

PREPARING FOR THE FUTURE

We are meeting and exceeding our client service metrics, and this is due to the tremendous effort of our employees. APS is taking action to keep up with client demand and changing technology by updating our processes, policies and systems. It is important to us to improve our business and continue delivering great client service.

APS took major steps in 2011 to ensure we have the right technology, processes and policies in place to provide risk-managed, efficient and effective services at a cost that shows good stewardship. The start of these initiatives—Next Generation, Business Process Simplification and Pension Policy Simplification—was necessary to be ready for the road ahead.

NEXT GENERATION – SIMPLIFYING SYSTEMS

Key to meeting future service demands is having the right information systems technology to enable and support APS' business processes. In 2011, APS began a journey, to improve business operations processes and technology, driven by the selection of a new pension application system. This new system implementation, the Next Generation project, will start in 2012.

The vision of the Next Generation project is to create an engaging pension experience for our clients by implementing a system that is complete and accurate, and unifies pension information. The project will replace the current: Pension Services System, Member Online Services (mypensionplan), Pension Payroll, and Employer Online Services applications.



BUSINESS PROCESS SIMPLIFICATION – SIMPLIFYING PROCESSES

As an administrator of multiple pension plans, it is not surprising that many of our business processes now match the complexity of our operations. To deliver on our mission, we need streamlined, consistent business processes.

In 2011, we began mapping our business processes and held workshops to see how our current processes aligned with our proposed business solution and where there were gaps.

PENSION POLICY SIMPLIFICATION – SIMPLIFYING POLICIES

The Pension Policy Simplification project is an initiative aimed at reducing the complexity of pension plan rules and improving clarity in administrative policy. APS is committed to examining areas of pension administration and plan rules for opportunities to improve understanding for members, employers and staff; reducing the possibility of administrative or interpretive error by supporting improved business processes; and working with internal and external stakeholders to continue to make legislative compliance more transparent and robust.

In 2011, four areas were identified for simplification: pension payment options, coordination (a specific type of payment option), pension estimates and pension advances. Utilization rates and demographic analyses on pension payment options and coordination were provided to the pension plan boards to assist the boards in determining whether payment options could be simplified.

LOOKING AHEAD

As work continues into 2012, our priorities continue to be our work on the Business Process Simplification, Pension Policy Simplification and Next Generation projects.

In 2012, APS will:

- *Expand our suite of products and services by launching an information video for the plan websites.*
- *Review survey feedback to determine what, if any, action is required to better support members in transition.*
- *Continue to utilize new tools such as telephony reporting and call tracking to provide employers with more efficient service delivery.*

The focus under the first strategic priority will shift to further engaging clients to enhance our understanding of their needs, and being more responsive with the types of products and services that we provide.

STRATEGIC PRIORITY TWO: BUILD A PERFORMANCE - ORIENTED ORGANIZATION THAT EMPOWERS EMPLOYEES

APS relies on the expertise of our employees and their commitment to provide quality service to our clients. We are not immune to the trends impacting the composition of the workforce at large. Workers are increasingly mobile, and more workers are approaching retirement.

We must be willing and able to adapt quickly to changes in our environment. Our human resource practices need to be renewed and strengthened to ensure we attract and keep the people who will continue to provide quality service, and be responsive to change.

ORGANIZATIONAL DEVELOPMENT

In 2011, APS adopted a Human Resources Strategy to support the entire life cycle of an employee. The strategy contains the following pillars:

- Attraction and recruitment;
- Retention and engagement;
- Development and training; and
- Succession planning.

In 2011, the Recruitment and Selection Policy was revised to provide more detail regarding recruitment, selection and appointment of staff. In addition, APS launched a New Employee On-Boarding Program and enhanced the Dedicated Service Program in recognition of

employees at various milestones in their career with APS. The Human Resources Strategy is a multi-year initiative which will continue to be reviewed and updated based on best practices.

ENGAGEMENT

APS is pleased with the progress we made in our employee engagement score. The results show an employee engagement score of 48 per cent—an increase of 11 per cent from the previous year. A total of 92 per cent of employees participated in the survey.

The survey identified several strengths APS can build on as an employer, but also highlighted room for improvement in a number of key areas. Our areas of strength include physical work environment, retirement savings, learning and development, benefits, and employee health and well-being. Our areas for improvement include managing performance, work processes, recognition and career opportunities—all of which will be addressed through the Human Resources Strategy or other initiatives.



We must be willing
and able to adapt
quickly to changes
in our environment.

HEALTH AND SAFETY – CERTIFICATE OF RECOGNITION

APS values its employees and provides them with a safe working environment and healthy initiatives. In 2010, we received a Certificate of Recognition (COR), a standard set by Alberta Human Services on occupational health and safety. COR is awarded to employers who develop health and safety programs that meet or exceed established standards. In 2011, we maintained our COR.

LOOKING AHEAD

We will continue to review and develop initiatives that support the new Human Resources Strategy, including having the right technology in place to enhance the administration of HR functions.

In 2012, we will:

- *Begin the initial implementation of the technology solution for human resources and organizational development, including a new payroll function.*
- *Start the process of building an organizational culture that increases employees' readiness to change and adapt.*
- *Promote a values-based culture to ensure our behaviours, interactions and decisions are guided by our shared values and are in line with achieving our mission.*

The focus under the second strategic priority will shift to building APS' organizational capabilities in responding and adapting more effectively to business challenges and ongoing changes in the external environment.

STRATEGIC PRIORITY THREE: BE ADAPTABLE AND RESPONSIVE TO OPPORTUNITIES AND RISKS

It is our job to provide risk-managed, efficient and effective pensions services at a cost that demonstrates good stewardship. APS must continually identify and assess opportunities and risks, and analyse factors influencing our pension environment to shape our business going forward.

We expect global economic uncertainty will result in ongoing funding pressures for the pension plans. An aging population will create workforce pressures and increased demand for service. Legislative compliance, including privacy, and integrity of the pension information entrusted to APS, will remain top of mind.

PRIVACY

We expect the obligations surrounding protection of privacy and personal identity to remain high. Fortunately, we are well-positioned in light of an external privacy assessment which shows our privacy maturity and practices to be significantly higher than that of our peers in the public sector.

Our last external assessment was conducted in 2007. In 2011, an external party measured our Privacy Program against the requirements set out in the ten Generally Accepted Privacy Principles (GAPP)—an established set of privacy standards—which include such items as:

- Access to information;
- Disclosure to third parties;
- Security for privacy;
- Monitoring and enforcement; and
- Use and retention.

Overall, we scored an average of 3.12 out of a possible 5. With our target score at 3.67, we want to not just meet expectations, but consistently deliver to this expectation and continue to enhance our Privacy Program to achieve this target. We are committed to protecting personal information entrusted to us.

RISK MANAGEMENT

Thanks to the commitment of our employees, APS has a strong Risk Management Program. The program identifies risk, assigns levels of tolerance and outlines actions to mitigate risks to an acceptable level for our organization. Unacceptable risks become part of our business planning process as we allocate appropriate resources to areas of high risk that, if not mitigated, can potentially have significant negative impact on APS.

Our Risk Management Maturity score is a weighted average of the different components of our risk management framework, which includes

continuous monitoring and improvements to controls. In 2011, we exceeded our target of 63 per cent, achieving 73 per cent.

RECORDS MANAGEMENT

The new Ends Policies defined by the Board specifically outlines our obligation to maintain accurate information and records for the purpose of administering the pension plans.

In preparation for increased service demand, we must increase productivity by enhancing the efficiency of search and retrieval of information, and put a framework in place that will promote the maintenance of accurate records. To that end, work continued on a comprehensive corporate taxonomy and retention schedule for our corporate records. In 2011, we began implementing the corporate taxonomy to various business areas; this work will continue through to 2013.

Due in large part to the extensive work on the corporate taxonomy, we exceeded our target of 38 per cent for our Records Management Maturity score and our stretch target of 45 per cent. We achieved a score of 58 per cent. The score is a weighted average of APS' records management principles: governance, consistency, protection, efficiency and effectiveness, accessibility and reliability.



We are committed to protecting personal information entrusted to us.

EMPLOYER RESTRUCTURING

In 2011, we completed the transition of almost 3,000 Alberta Health Services employees from PSPP to LAPP. The project involved all APS business areas including policy, communications, systems and process changes. All files needed to be thoroughly reviewed and tested to ensure rules were properly interpreted and applied and member data was transferred correctly.

The project is representative of APS' adaptability and responsiveness to service requests over and above our mandate.

TECHNOLOGY MATURITY

APS completed its development of an information technology (IT) framework based on the industry recognized Control Objectives for Information Technology (COBIT) and Information Technology Infrastructure Library (ITIL) standards. This work was completed one year ahead of schedule.

In order to provide our staff with current office tools to do their work effectively and efficiently, Microsoft Office 2010 was implemented across the Corporation. The implementation followed a rigorous process, which included significant testing and training, and resulted in a successful implementation without material business impacts.

A critical performance measure for APS is the number of days our critical pensions services applications are available during business hours without interruption. All of our client groups rely on these applications to conduct pension transactions. This measure is called our Perfect Day score, and in 2011 we exceeded not only our target of 85 per cent, but our stretch target of 90 per cent. The end result was 93 per cent, which speaks to the dedication of our IT employees.

BUSINESS CONTINUITY AND DISASTER RECOVERY

In 2011, APS made further refinements to its Business Continuity and Disaster Recovery program. Business continuity plans were completed for all business areas, which included an impact analysis, risk assessment, and management program component tests. The disaster recovery plan was revised to include information from the refinements to the business continuity plans. In December, three critical components of the business continuity plan were successfully tested along with the disaster recovery plan, which included full recovery of all business critical applications.

The Pension Payroll application disaster recovery plan was tested as part of the Government of Alberta Mainframe disaster recovery test in October. The test was successful with the application fully functional after the recovery test.

Our business continuity measure is based on our ability to effectively and efficiently resume normal business operations following an interruption in service. Our annual target is 80 per cent and we successfully met that target.



LOOKING AHEAD

The nature of our business is complex and constantly changing, including the technologies that enable delivery of pensions services. In 2012, our foundational projects—Next Generation, Business Process Simplification and Pension Administration Simplification—will fall under this strategic priority.

In 2012, we will:

- *Develop an implementation plan for the Next Generation project.*
- *Integrate documented business processes with the Next Generation project.*
- *Simplify pension administration policy for one product.*
- *Continue the implementation of our corporate taxonomy.*

The focus under the third strategic priority will shift to building our ability to readily adapt and respond to opportunities and risks as they arise, and to demonstrate compliance with the policies that govern us.

STRATEGIC PRIORITY FOUR: ALIGN WITH THE SHAREHOLDER

The Government of Alberta is our sole shareholder. It is on behalf of the Trustee, the Minister of Finance, that we deliver our mandate. At the same time the Trustee has delegated to APS specific services to plan governors. We must provide assurances that we are delivering timely, quality services through risk-managed business processes, and all legislative compliance obligations are met.

FIVE-YEAR STRATEGIC PLAN

To ready ourselves for the road ahead, we worked extensively on the development of a new Five-Year Strategic Plan. Supported by an environmental scan and the expertise of our employees, we drafted a road map that will chart the technology, products, people, processes and policies to lead us into the future. We rely on the engagement of members and pensioners, employers, plan governors and our Shareholder to keep us on the right path.



COST MANAGEMENT

Total gross operating expenditures were budgeted at \$44.5 million, and our actual 2011 gross expenditures were \$42.5 million. The difference is primarily due to APS not fully achieving its desired headcount of 256, resulting in lower-than-planned operating costs. In 2011, our average number of full-time equivalent (FTE) positions was 227, a decrease of 4 from the 2010 average of 231.

Capital spending was lower than budget by \$4.4 million due to less than anticipated spending on the Next Generation project in 2011. Over the next several years, the Corporation will increase capital spending to focus on the Next Generation project.

A key measure of our success is “cost per member.” Our cost per member target of \$168 continues to be the median of our peer group; in 2011, we exceeded this target with a year-end cost per member of \$155.

PENSION PLAN TRANSACTIONS

APS processes approximately \$4.0 billion in pension plan funds annually through receipts and disbursements to and from employers, members and other pension plans. APS is accountable for the management of these receipts and disbursements. APS continues to publish a “Statement of Pension Plan Transactions” to account for the flow of pension plan funds through receipts and disbursements of the plans. The statement is provided bi-annually to the Trustee and plan governors of the pension plans served by APS.

TAX COMPLIANCE

APS is accountable for the legislative compliance responsibilities around the timeliness and completeness of tax remittances and reporting to the Canada Revenue Agency. In 2011, a strategy for formally establishing a tax compliance framework integrated with our legislative framework was devised. Commencing in 2012, this tax compliance framework will be designed by APS.

CANADIAN PUBLIC SECTOR ACCOUNTING STANDARDS

Due to amendments made by the Canadian Institute of Chartered Accountants, APS was required to transition the basis of our financial reporting to Canadian Public Sector Accounting Standards (PSAS) in 2011. The impact of the conversion to Canadian PSAS has been applied retroactively in our audited financial statements with restatement of prior periods. There is no significant impact of the conversion to Canadian PSAS.

COMMUTED VALUE

The Canadian Institute of Actuaries (CIA) implemented phase two of a revised commuted value (CV) basis effective February 1, 2011. Plan regulations on CV stipulate that we comply with the actuarial assumptions and methods recommended by the CIA. This change impacted CV based benefits (such as termination and death benefit calculations) effective

February 1, 2011, and APS implemented changes within our pension administration application, **mypensionplan** and our website estimators.

LOOKING AHEAD

APS is accountable to the Trustee, the Minister of Finance, and the Shareholder, the Government of Alberta. The Trustee delegates to APS specific services, which we provide to plan governors.

In 2012, we will:

- *Adopt, in agreement with the Minister of Finance, a Mandate and Roles document.*
- *Adopt, in agreement with the Minister of Finance and plan governors, a pension services agreement.*
- *Develop an administrative support model for plan governors.*



APS processes approximately \$4.0 billion in pension plan funds annually.



APS staff raised nearly \$16,000 for the Stollery Children's Hospital Foundation.

CARING FOR OUR COMMUNITY

In 2011, APS staff threw their full support behind the Stollery Children's Hospital Foundation, the Corporation's charity of choice, and raised nearly \$16,000—a phenomenal result for an organization of this size.

In addition to donations, personal gifts and the Corporation's employee payroll deduction program, APS staff were creative with fundraising initiatives, such as:

- *12 Days of Christmas Toy Drive;*
- *Top Chef—Just Desserts Bake Sale;*
- *Casual for a Cause Jeans Day;*
- *Golfing For Charity;*
- *Pumpkin-Carving Contest;*
- *Participation in Sport Chek Mother's Day Run & Walk;*
- *Cake Walk Silent Auction; and*
- *Slices for Smiles Pizza Sale.*

The Stollery Children's Hospital Foundation thanked APS employees for their impressive efforts.

"Everything we do is for the kids, so when we see people in the community who are sharing that purpose, we are more touched than words can say," said Jennifer Wood, Foundation President and CEO.

COMPENSATION DISCUSSION AND ANALYSIS

OUR PEOPLE

APS acknowledges the value of attracting and retaining a qualified workforce. As such, the Corporation strives to reward employees fairly and equitably. APS has adopted a compensation philosophy with four key principles that guide the compensation design and practices: internal consistency, market competitiveness, goal achievement and simplicity.

INTERNAL CONSISTENCY

APS ensures that there is internal job design and compensation consistency based on contributions to business objectives, and that the job evaluation system is fair, rational and defensible.

MARKET COMPETITIVENESS

APS aligns its market strategy with both the private and public sectors, with a weighting of 50 per cent between each market.

GOAL ACHIEVEMENT

APS provides an environment where employees can strive for, and achieve, goals at the individual, team and corporate levels.

SIMPLICITY

APS promotes and rewards desired behaviours and results by designing, implementing and communicating compensation policies and practices that are aligned, consistent and understandable.

HUMAN RESOURCES COMMITTEE

The Board has a Human Resources Committee (HRC), which assists the Board in ensuring human resources policies and practices support achievement of corporate objectives. The HRC performs its responsibilities to enable the Board to fulfil its oversight responsibilities for:

- Workforce Capacity, Workforce Compensation and Benefits, Workforce Employment Conditions and related workforce risks;
- Appointment and evaluation of the performance of the President and Chief Executive Officer and Vice President (Executive) positions;
- Succession planning related to the Chief Executive Office and Vice President (Executive) positions;
- Compensation, incentive and benefits for the Chief Executive Officer; and
- Total compensation structure for Vice Presidents.

The Committee is composed of ten members, each of whom is independent of management. The Committee meets a minimum of four times per year and conducts in-camera sessions at the beginning and end of each meeting without management present. The HRC retains external advisors to provide executive compensation advice and other expertise the Committee deems necessary.

EXECUTIVE COMPENSATION

Part of the HRC's responsibility is to annually review the total compensation structure for the Executive comprising the Chief Executive Officer and the Vice Presidents. The Committee also makes recommendations to the Board for the Chief Executive Officer's compensation.

During the year, the HRC worked with an independent compensation consultant to assist with assessing the compensation philosophy for the Corporation, as well as the total compensation structure for the Chief Executive Officer and Vice Presidents.

Executives are eligible to receive a variable pay award based on the achievement of predetermined corporate and divisional measures. Payment for the achievement of corporate results is at the discretion of the Board.

Executives participate in MEPP and MSRP. Combined, these plans provide pension benefits equal to two per cent of each executive's best five-year average annual pensionable salary for each year of service. The pension provided by MEPP is limited to base salary up to the maximum pensionable salary limit permitted under the federal Income Tax Act (ITA). The MSRP provides a pension in respect of the base salary in excess of the maximum pensionable salary limit under the ITA.

No portion of executive compensation consists in any manner of equity instruments.



SUMMARY COMPENSATION TABLE

The table below provides complete disclosure of salary, variable pay, pension value of defined benefits and all other compensation earned for the years ended December 31, by the President and Chief Executive Officer and the Vice Presidents.

NAME & PRINCIPAL POSITION (YEAR END)	YEAR	BASE SALARY ⁽¹⁾	VARIABLE PAY ⁽²⁾	PENSION ⁽³⁾	OTHER COMPENSATION ⁽⁴⁾	TOTAL
<i>(\$ thousands)</i>						
MONICA NORMINTON						
President and Chief Executive Officer	2011	251	38	52	26	367
	2010	251	39	50	24	364
LESLEY BOWERING						
Vice President Policy and Research	2011	189	20	38	12	259
	2010	176	20	34	23	253
DENNIS GARTNER ⁽⁵⁾						
Vice President Plan Board Secretariat	2011	159	-	-	17	176
	2010	-	-	-	-	-
JOHN GUBBELS ⁽⁵⁾						
Vice President External Relations	2011	21	19	4	10	54
	2010	162	-	31	59	252
DAVID LAWRENCE ⁽⁶⁾						
Vice President Member and Employer Services and Plan Operations	2011	135	-	27	7	169
	2010	-	-	-	-	-
FAYE RAULT ⁽⁶⁾						
Vice President Plan Operations	2011	84	20	45	16	165
	2010	176	6	34	11	227
BRIAN LUTERBACH						
Vice President Information Technology	2011	192	22	39	14	267
	2010	176	20	34	29	259
DEBRA WILSON ⁽⁷⁾						
Vice President Human Resources and Organizational Development	2011	172	-	35	18	225
	2010	-	-	-	-	-
JEFF UHLICH ⁽⁷⁾						
Vice President Human Resources	2011	-	11	-	-	11
	2010	147	19	28	9	203
DOUG WOLOSHYN ⁽⁸⁾						
Acting Vice President Finance and Compliance	2011	73	-	13	4	90
	2010	-	-	-	-	-
RYAN BARRACK ⁽⁸⁾						
Vice President Finance and Compliance	2011	103	20	21	26	170
	2010	176	20	34	23	253

REFERENCES

1. Base salary includes regular base pay and any retroactive adjustments to base pay.
2. Variable pay is calculated based on achievement of predetermined corporate measures. The amounts disclosed were paid in the year based on the prior year's results.
3. The pension represents the Corporation's share of contributions to the plans based on each executive's pensionable salary.
4. Other compensation includes such cash benefits as: automobile allowance, lump sum payments and vacation payouts where applicable. Also included are non-cash benefits and contributions or payments made on their behalf including health care, dental coverage, group life insurance, long-term disabilities, WCB premiums, professional memberships and tuition fees.
5. Dennis Gartner has occupied the position of Vice President, Plan Board Secretariat effective April 1, 2011. John Gubbels left the Corporation February 11, 2011.
6. David Lawrence has occupied the position of Vice President, Member and Employer Services and Plan Operations effective August 1, 2011. Faye Rault's base salary represents six months of salary earned in the year of 2011.

7. Debra Wilson has occupied the position of Vice President, Human Resources and Organizational Development effective January 10, 2011. Jeff Uhlich left the Corporation October 31, 2010.
8. Doug Woloshyn has occupied the position of Acting Vice President, Finance and Compliance effective August 1, 2011. Ryan Barrack left the Corporation July 31, 2011.

BOARD REMUNERATION

(\$ thousands)

The Board Chair received remuneration of \$48 (2010: \$51). Seven Board members received remuneration of \$148 (2010: \$131). Two Board members, who are employed by the Government of Alberta, are not eligible for remuneration.

The remuneration is paid in accordance with the rates approved by the Lieutenant Governor in Council, and is subject to applicable withholdings.



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements and information in the 2011 Annual Report are the responsibility of Alberta Pensions Services Corporation (APS) and have been approved by management and the APS Board of Directors (Board).

The financial statements have been prepared in conformity with Canadian Public Sector Accounting Standards and, of necessity, include some amounts that are based on estimates and judgments. Financial information presented in the 2011 Annual Report that relates to the operations and financial position of APS is consistent with that in the financial statements.

To discharge its responsibility for the integrity and objectivity of financial reporting, APS maintains a system of internal accounting controls comprised of written policies, standards and procedures, and a formal authorization structure. These systems are designed to provide management with reasonable assurance that transactions are properly authorized, that reliable financial records are maintained and that assets are adequately accounted for and safeguarded.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board carries out this responsibility principally through its Audit Committee (Committee). As part of this responsibility, the Committee reviews the financial statements, Management Discussion & Analysis, and the Compensation Discussion & Analysis in the annual report; and, once satisfied, recommends them to the Board for approval. The Committee also meets with management and external auditors to discuss internal controls, auditing matters and financial reporting issues.

The Auditor General of Alberta, APS' external auditor, provides an independent audit opinion on the financial statements.

[Original signed by]

Lesley Bowering, CEBS, MBA
Acting President and Chief Executive Officer

[Original signed by]

Doug Woloshyn, CA, CIA
Acting Vice President, Finance and Compliance

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Alberta Pensions Services Corporation



Report on the Financial Statements

I have audited the accompanying financial statements of Alberta Pensions Services Corporation, which comprise the statements of financial position as at December 31, 2011, December 31, 2010, and January 1, 2010, and the statements of operations and cash flow for the years ended December 31, 2011 and December 31, 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained in my audits is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Alberta Pensions Services Corporation as at December 31, 2011, December 31, 2010 and January 1, 2010, and the results of its operations and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General
April 18, 2012
Edmonton, Alberta

ALBERTA PENSIONS SERVICES CORPORATION STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 31 <i>(\$ thousands)</i>	2011 BUDGET	2011 ACTUAL	2010 (Note 3) ACTUAL
EXPENSES			
Staff and related expenses	28,072	25,430	25,692
Contract services	5,816	6,779	7,297
Materials and supplies	4,821	4,615	5,090
Amortization	2,683	2,780	2,906
Data processing and maintenance	1,692	1,778	1,729
Total before plan specific and employer specific services	43,084	41,382	42,714
Plan specific (Note 7)	1,442	1,061	1,057
Employer specific services (Note 8)	14	17	15
Total operating expenses	44,540	42,460	43,786
Recovery of costs (Note 9)	44,540	42,460	43,786

The accompanying notes are an integral part of these financial statements.

Approved by the Board:

[Original signed by]

Al Mondor, FCA
Chair
Board of Directors

[Original signed by]

Garth Sherwin, CA
Vice Chair
Audit Committee

ALBERTA PENSIONS SERVICES CORPORATION

STATEMENTS OF FINANCIAL POSITION

(\$ thousands)	2011	2010	2010
	AS AT DECEMBER 31		(Note 3) AS AT JANUARY 1
ASSETS			
Cash	196	210	51
Accounts receivable	54	179	2,530
Prepaid expenses	997	929	505
Due from pension plans (Note 9)	5,041	7,358	1,989
Tangible capital assets (Note 5)	6,539	7,450	8,770
	12,827	16,126	13,845
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and accrued liabilities	2,893	3,831	1,803
Accrued salaries and benefits	1,731	3,035	1,288
Accrued vacation pay	245	204	191
Deferred lease inducement (Note 13)	1,419	1,606	1,793
Unamortized deferred capital contributions (Note 5)	6,539	7,450	8,770
	12,827	16,126	13,845
NET ASSETS			
Net assets (Note 6)	-	-	-
	12,827	16,126	13,845

The accompanying notes are an integral part of these financial statements.

ALBERTA PENSIONS SERVICES CORPORATION STATEMENTS OF CASH FLOW

YEARS ENDED DECEMBER 31	2011	2010
<i>(\$ thousands)</i>		
OPERATING TRANSACTIONS		
Non-cash items:		
Amortization of tangible capital assets	2,780	2,906
Decrease in deferred lease inducement (Note 13)	(187)	(187)
Amortization of unamortized deferred capital contributions	(2,780)	(2,906)
	(187)	(187)
Decrease in accounts receivable	125	2,351
Increase in prepaid expenses	(68)	(424)
Decrease (increase) in due from pension plans	2,317	(5,369)
(Decrease) increase in accounts payable and accrued liabilities	(938)	2,028
(Decrease) increase in accrued salaries and benefits	(1,304)	1,747
Increase in accrued vacation pay	41	13
Cash provided by operating transactions	(14)	159
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(1,869)	(1,586)
FINANCING TRANSACTIONS		
Increase in unamortized deferred capital contributions	1,869	1,586
(Decrease) increase in cash	(14)	159
Cash at beginning of year	210	51
Cash at end of year	196	210

The accompanying notes are an integral part of these financial statements.

ALBERTA PENSIONS SERVICES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

1. AUTHORITY

Alberta Pensions Services Corporation (APS) is incorporated under the *Business Corporations Act, Chapter B-9, Revised Statutes of Alberta 2000*. The issued share of the Corporation is owned by the Minister of Finance (the Minister) on behalf of the Government of Alberta, and accordingly the Corporation is exempt from income and other taxes.

2. NATURE OF OPERATIONS

The Minister, operating under the authority of the *Public Sector Pension Plans Act, Chapter P-41, Revised Statutes of Alberta 2000* is responsible for administering the following public sector pension plans:

- Local Authorities Pension Plan (LAPP)
- Public Service Pension Plan (PSPP)
- Management Employees Pension Plan (MEPP)
- Special Forces Pension Plan (SFPP)
- Public Service Management (Closed Membership) Pension Plan (PSM(CM)PP)

The Minister, operating under the authority of the *Provincial Court Act and Court of Queen's Bench Act (Chapter 196, Regulation 2001)* is responsible for administering the following public sector pension plans:

- Provincial Judges and Masters in Chambers (Registered) Pension Plan (PJM(C)R)PP)
- Provincial Judges and Masters in Chambers (Unregistered) Pension Plan (PJM(C)U)PP)

The Minister, operating under the authority of the *Members of the Legislative Assembly Pension Plan Act, Chapter M-12, Revised Statutes of Alberta 2000* is responsible for administering the following public sector pension plan:

- Members of the Legislative Assembly Pension Plan (MLAPP)

The Minister, operating under the authority of the *Financial Administration Act, Chapter F-12, Revised Statutes of Alberta 2000* and the *Supplementary Retirement Plan - Retirement Compensation Arrangement Directive (Treasury Board Directive 01/06)* is responsible for administering the following public sector pension plan:

- Supplementary Retirement Plan for Public Service Managers (MSRP)

Specific pension services required by the pension plans and employers are provided by the Corporation pursuant to a Pensions Services Agreement with the Minister through to December 31, 2012. These services include the collection and recording of contributions, calculating and paying benefits, communicating to plan members and employers, pension plan board support services and risk management services. The Corporation also provides specific services, on a cost recovery basis for some employers (Note 8).

ALBERTA PENSIONS SERVICES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. CONVERSION TO PUBLIC SECTOR ACCOUNTING STANDARDS

Commencing with the 2011 fiscal year, APS has adopted Canadian Public Sector Accounting Standards (PSAS). These financial statements are the first financial statements for which APS has applied Canadian PSAS.

The impact of the conversion to Canadian PSAS has not resulted in any change to net assets and there is no restatement required to prior year amounts in the statements of financial position or statements of operations.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

These financial statements are prepared by management in accordance with Canadian PSAS.

TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost. The threshold for capitalizing software is \$100,000; and \$5,000 for all other items, where these items have a useful life in excess of one year. Amortization is calculated on a straight line basis as follows:

Assets under construction	Refer to (a) below
Computer hardware	3 years
Computer software	3 years
Furniture and equipment	5 years
Telephone system	3 years
Leasehold improvements	Refer to (b) below

(a) Assets under construction, which include the replacement of the current pension services systems and the development of its applications, are not amortized.

(b) Amortization is over the term of lease plus one optional renewal period, to a maximum of five years.

Amortization will commence the month immediately after the tangible capital asset has been deemed substantially complete and ready for productive use.

CAPITAL CONTRIBUTIONS

All externally restricted contributions received for the acquisition or construction of depreciable tangible capital assets are recognized as revenue when the assets are used for the purposes specified. All external restricted contributions received before meeting these criteria are recorded as a liability until the assets are used.

ALBERTA PENSIONS SERVICES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian PSAS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as the disclosure of contingent assets and liabilities in the financial statements. Actual results could differ from these estimates, and the impact of any such differences will be recorded in future periods. The significant area requiring the use of management estimates relates to the estimated useful lives of tangible capital assets.

FINANCIAL INSTRUMENTS

Financial instruments of the Corporation consist of cash, accounts receivable, due from pension plans, accounts payable and accrued liabilities, accrued salaries and benefits and accrued vacation pay. Due to their short-term nature, the carrying value of these instruments approximates their fair value.

5. TANGIBLE CAPITAL ASSETS

(\$ thousands)

TANGIBLE CAPITAL ASSETS	2011			2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Leasehold improvements	7,586	4,388	3,198	4,324
Computer hardware	7,276	5,524	1,752	1,898
Assets under construction	834	-	834	-
Furniture and equipment	1,357	820	537	750
Telephone system	406	216	190	295
Computer software	12,498	12,470	28	183
	29,957	23,418	6,539	7,450

Financing obtained from the public sector pension plans to acquire tangible capital assets is recorded as unamortized deferred capital contributions. The recovery of costs is recognized on the same basis as the tangible capital assets are amortized.

ALBERTA PENSIONS SERVICES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. SHARE CAPITAL

SHARE CAPITAL	2011 \$	2010 \$
Authorized:		
Unlimited number of common shares		
Unlimited number of preferred shares		
Issued:		
1 common share (Note 1)	1	1

7. PLAN SPECIFIC (\$ thousands)

The Corporation makes certain payments on behalf of the public sector pension boards or committees. These expenses, which are incurred directly by the boards or committees and which the Corporation does not control, are as follows:

PLAN SPECIFIC	2011				2010
	Contract Services	Materials and Supplies	Board Remuneration	Total	Total
SFPP	370	93	43	506	306
PSPP	193	124	-	317	411
MEPP	98	111	26	235	279
MSRP	15	-	-	15	28
PJMC(R)PP	7	3	-	10	19
MLAPP	3	-	-	3	-
PJMC(U)PP	(1)	-	-	(1)	-
PSM(CM)PP	4	(28)	-	(24)	14
Total	689	303	69	1,061	1,057

A full description of the pension plan names is in Note 2.

ALBERTA PENSIONS SERVICES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. EMPLOYER SPECIFIC SERVICES

(\$ thousands)

In 2008, the Minister of Finance approved the Corporation administering post retirement benefits for certain employers who participate in the public sector pension plans. All costs associated with administering these benefits are recovered directly from the specific employers as follows:

EMPLOYER SPECIFIC SERVICES	2011	2010
City of Calgary	9	7
City of Edmonton	5	3
Government of Alberta	2	2
EPCOR	1	3
	17	15

9. RECOVERY OF COSTS

(\$ thousands)

The Corporation charges each public sector pension plan with its proportionate share of the Corporation's operating and plan specific costs based on the allocation formula approved by the Minister of Finance. The current allocation formula was effective January 1, 2010. At December 31, 2011, \$5,041 (2010 - \$7,358) is receivable from the plans. The receivable at year-end is directly related to the timing of the receipt and disbursement of funds.

RECOVERY OF COSTS	2011	2010
LAPP	27,425	27,861
PSPP	10,775	11,584
MEPP	1,592	1,770
SFPP	1,507	1,445
MSRP	484	525
PSM(CM)PP	255	331
PJMC(R)PP	93	95
PJMC(U)PP	78	80
MLAPP	53	50
	42,262	43,741
Interest and other miscellaneous cost recoveries*	181	30
Employer specific services (Note 8)	17	15
Recovery of costs	42,460	43,786

ALBERTA PENSIONS SERVICES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. RECOVERY OF COSTS (CONTINUED)

(\$ thousands)

A full description of the pension plan names is in Note 2.

* During the year, the Corporation entered into an agreement to provide certain administration services on a cost-recovery basis to Alberta Investment Management Corporation (AIMCo), a related Crown Corporation, in respect of an AIMCo supplementary retirement plan. The service agreement provided APS with a one-time fee in the amount of \$75 with recurring annual fees of \$75 commencing January 1, 2011.

10. EMPLOYEE FUTURE BENEFITS

(\$ thousands)

The Corporation participates in three multi-employer, defined benefit public sector pension plans, the Public Service Pension Plan, the Management Employees Pension Plan and the Supplementary Retirement Plan for Public Service Managers. The Trustee of the plans is the Minister of Finance. Multi-employer plans are accounted for as defined contribution plans. Accordingly, the Corporation does not recognize its share of any plan surplus or deficit. The expense for these pension plans is equivalent to the annual contributions of \$2,314 for the year ended December 31, 2011 (2010: \$2,207). This amount is included in staff and related expenses.

An actuarial valuation is performed to assess the financial position of the plan and adequacy of the plan funding. The latest valuation at December 31, 2010 indicated the Public Service Pension Plan had a deficiency of \$2,067,151 (2009 - \$1,729,196) and the Management Employees Pension Plan had a deficiency of \$397,087 (2009 - \$483,199). At December 31, 2010, the Supplementary Retirement Plan for Public Service Managers had a deficiency of \$39,559 (2009 - \$39,516).

11. RELATED PARTY TRANSACTIONS

(\$ thousands)

The Corporation received the following services at amounts which approximate market value from:

RELATED PARTY TRANSACTIONS		2011	2010
Service Alberta	Data processing, postage and printing	987	1,101
Alberta Finance	Risk management and insurance	97	46
University of Alberta	Management training	5	22
		1,089	1,169

At year-end, \$271 (2010 - \$394) is payable to Service Alberta.

The Corporation also provided services to the pension plans and pension plan boards and committees as disclosed in Notes 7 and 9. These transactions are in the normal course of operations.

ALBERTA PENSIONS SERVICES CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. SALARIES AND BENEFITS DISCLOSURE

Details of Executive and Board member remuneration are presented in the Compensation Discussion and Analysis section of the APS 2011 Annual Report.

13. COMMITMENTS

(\$ thousands)

APS is committed to payments for consulting services and lease payments. The future minimum payments for such obligations for each of the next five fiscal years and thereafter are outlined as follows:

YEAR	COMMITMENTS
2012	4,229
2013	1,729
2014	1,792
2015	1,916
2016	1,916
Thereafter	5,110
	16,692

The Corporation entered into a lease agreement for a new facility commencing on September 1, 2009. This agreement is for ten years, with two optional renewal periods of five years each. As part of the lease agreement, the Corporation received a lease inducement of \$1,868. The inducement is recognized as a reduction in lease expense over the ten-year term of the lease.

During the year, the Corporation entered into an agreement for consulting services related to a major pension services systems replacement project in the amount of \$2,500, payable in equal monthly installments from January to June 2012.

14. FINANCIAL INSTRUMENTS

Liquidity risk is the risk of not being able to meet the Corporation's cash requirements in a timely and cost-effective manner. The Corporation's only source of liquidity is amounts charged to pension plans (Note 9).

It is management's opinion that the Corporation is not exposed to any risk arising from this financial instrument.

15. 2011 BUDGET

The Corporation's 2011 budget was approved by the Board of Directors on December 1, 2010.

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation's Board of Directors.

APPENDIX A

BOARD OF DIRECTORS

BOARD MANDATE

The Board of Directors for APS (the Board) has adopted a Charter that summarizes its governing policies as well as the Board's operating practices. The Charter sets out:

1. Corporate governance practices and policies.
2. Duties and responsibilities of the Board of Directors.
3. Position descriptions for the Chair of the Board, the Chair of a Board Committee and directors.

On an annual basis, the Board reviews the Charter and approves changes as necessary. The Charter summary is included in Appendix B.

BOARD INDEPENDENCE

The Minister of Finance appoints the President and CEO after consultation with the Board. Day-to-day management of APS is delegated to the President and CEO, and the Board annually evaluates performance.

BOARD COMMITTEES

The Board has two committees: the Audit Committee and the Human Resources Committee. Both meet as a Committee of the Whole on a quarterly basis in conjunction with the Board meetings.

The Committees perform the following duties enabling the Board to fulfil its oversight responsibilities:

Audit Committee

1. Oversee the President and CEO's compliance with Board policies respecting asset protection and liabilities and losses.
2. Monitor the execution of the business plan.
3. Recommend approval or other Board action for all financial statements and reports requiring approval of the Board (annual and quarterly reports).
4. Oversee the Corporation's Risk Management Program.
5. Oversee the Corporation's Ethics Violation and Fraud Reporting Policy.
6. Work with the independent auditor.

Human Resources Committee

1. Oversee and monitor plans for identifying and managing workforce risks.
2. Monitor APS' practices for recruitment, development and retention of its workforce.
3. Review and recommend approval for the President and CEO's appointment, performance evaluation and compensation.
4. Oversee the Corporation's Executive total compensation structure.
5. Oversee succession planning for the President and CEO and Executive positions.
6. Monitor changes to the Corporation's management structure.

BOARD MEETINGS

In 2011, the Board and the Committees each met quarterly; in-camera sessions are included as a component of all meetings. The Board also held a strategy session to review strategic opportunities and initiatives. Orientation sessions were held in the year for the new directors.

GOVERNANCE PRACTICES

The Board has adopted a governance framework that defines accountability between the Board and management. To achieve greater efficiency across the Corporation, the Board delegates authority to the President and CEO, specifying clear expectations (Ends), corresponding responsibilities, and actions to be avoided (CEO Limitations) in achieving these Ends.

The Board has policies to support its ongoing commitment to governance practices, including:

- Annual agenda planning;
- Rules of meeting conduct;
- Board job descriptions;
- A Board Members' Code of Conduct covering conflict of interest and fiduciary responsibilities;
- Board Committee principles and structure;
- An Ethics Violation and Fraud Reporting Policy;
- Board self-assessment; and
- Board and director education and development, including an orientation program for new directors on Board and corporate operations.

APPENDIX B

SUMMARY OF THE CHARTER OF THE BOARD OF DIRECTORS

This Board of Directors for APS (the Board) has adopted a Charter that summarizes the governing policies adopted and the Board's operating practices. The Charter sets out:

1. The corporate governance practices and policies that apply to the Board of Directors.
2. The duties and responsibilities of the Board of Directors.
3. The position description for a director.
4. The position description for the Chair of the Board.
5. The position description for the Chair of a Board Committee.

On an annual basis, the Board of Directors reviews the Charter and approves changes as necessary.

The following summarizes the key aspects of the Charter:

GOVERNANCE COMMITMENT:

The purpose of the Board, on behalf of the sole Shareholder, the Government of Alberta, is to ensure the Corporation:

- Achieves appropriate results for appropriate persons at an appropriate cost as described in the Board's Ends Policies; and
- Avoids unacceptable actions and situations as described in the CEO Limitations Policies established by the Board.

The Board achieves its purpose through Ends and CEO Limitations Policies, as well as through the adoption of best practices appropriate to the governance and oversight of APS.

STRUCTURE AND OPERATIONS:

The by-laws provide for the Board to have a minimum of one and a maximum of 15 directors. The Articles of Incorporation provide that any vacancy in the Board shall be filled by the Shareholder appointing an individual as director, and the Unanimous Shareholder Agreement provides that ten directors shall be appointed by the Shareholder.

Board and Board Committee meetings follow a schedule agreed upon by the Board prior to the commencement of a calendar year. Quorum and voting are determined by agreement with the Shareholder.

DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS:

The Board performs its stewardship responsibilities either directly or through the Committees of the Board. The Board has adopted a Code of Conduct for its membership and oversees the ethical conduct of the Chief Executive Officer, and all employees of the Corporation, by monitoring compliance with the Corporation's Code of Conduct and Ethics. In addition, the Board has adopted an Ethics Violation and Fraud Reporting Policy. This Policy allows complaints to be made on a confidential and anonymous basis. The Board believes that by providing a forum for directors, officers and employees to raise concerns about ethical treatment that results in a formal review fosters a culture of ethics in the Corporation.

The Board has adopted position descriptions for all directors. Each director participates in fulfilling the Board's stewardship role by acting honestly and in good faith with a view to the best interests of the Corporation (fiduciary duty) and exercising the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances (duty of care).

AUDIT:

The Audit Committee oversees the integrity of the Corporation's financial reporting, risk management policies and practices, internal controls management and disclosures.

HUMAN RESOURCES:

The Human Resources Committee oversees the Corporation's human resources policies and practices, and ensures their alignment with corporate objectives.

OTHER GOVERNANCE MATTERS:

The Board has adopted position descriptions for the Chair of the Board as well as the Chair of each Board Committee. The Board has also adopted specific governance policies and practices respecting Board orientation, education and interactions with the Chief Executive Officer as well as management.

APPENDIX C

REVIEW ENGAGEMENT REPORT

To the Shareholder of Alberta Pensions Services Corporation (APS)

I have reviewed the performance measures identified as “Reviewed by Auditor General” in the *Alberta Pensions Services Corporation 2011 Annual Report*. The reviewed performance measures are the responsibility of APS and are prepared based on the following criteria:

- Reliability - information used in applying performance measure methodologies agrees with underlying source data for the current and prior years' results.
- Understandability - the performance measure methodologies and results are presented clearly.
- Comparability - the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- Completeness - performance measures and related targets match those included in the *Alberta Pensions Services Corporation 2011-2013 Business Plan*.

My review was made in accordance with Canadian generally accepted standards for review engagements and accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by APS.

A review does not constitute an audit and, consequently, I do not express an audit opinion on the performance measures. Further, my review was not designed to assess the relevance and sufficiency of the reviewed performance measures in demonstrating APS progress towards the related targets.

Based on my review, nothing has come to my attention that causes me to believe that the “Reviewed by Auditor General” performance measures in the *Alberta Pensions Services Corporation 2011 Annual Report* are not, in all material respects, presented in accordance with the criteria of reliability, understandability, comparability and completeness as described above.

[Original signed by Merwan N. Saher, FCA]

Auditor General
April 18, 2012
Edmonton, Alberta



Performance Measures reviewed by the Auditor General are noted in Appendix D.

APPENDIX D

KEY PERFORMANCE MEASURES

The Key Performance Measures in this Appendix are the responsibility of management of APS and are prepared in accordance with the criteria of reliability, comparability and completeness in relation to the *APS 2011-13 Business Plan*. The performance results of necessity include amounts that are based on estimates and judgements.

CLIENT SATISFACTION

MEMBERS

(Reviewed by Auditor General)

Methodology

Members are defined as actively contributing members in all plans.

An external firm was engaged to develop and conduct the survey of members to provide confidence in both the methodology applied and the results generated. The survey was designed to evaluate performance specific to the most recent contact by the member and also to capture information on overall perceptions of client service. The survey is comprised of questions separated into service sections. Individual

respondents are asked only the questions applicable to the services requested during interaction with APS. Sample size represents five per cent of the contacts recorded during the survey period.

The result reported is the mean score (multiplied by 10) from all respondents of their ratings of satisfaction on a 10 point scale in three service areas.

Description of results

Target exceeded.

Analysis of results

Results continue to exceed target. Results are viewed quarterly to look for trending and to determine action plans needed.

MEMBERS

2011	Actual: 84%
------	-------------

2011	Target: 82%
------	-------------

PREVIOUS YEAR	Actual: 84%
---------------	-------------

MEMBERS IN TRANSITION

Methodology

Members in transition are defined as those members who have initiated the retirement process but have not been finalized as pensioners in the payroll system.

An external firm was engaged to develop and conduct the survey of members in transition to provide confidence in both the methodology applied and the results generated. The survey was designed to evaluate performance specific to the most recent contact by the member and also to capture information on overall perceptions of client service. The survey is comprised of questions separated into service sections. Individual respondents are asked only the questions applicable to the services requested during interaction with APS. Sample size represents five per cent of the contacts recorded during the survey period.

The result reported is the mean score (multiplied by 10) from all respondents of their ratings of satisfaction on a 10 point scale in three service areas.

Description of results

Target exceeded.

Analysis of results

Results continue to exceed target. Results are viewed quarterly to look for trending and to determine action plans needed.

MEMBERS IN TRANSITION

2011	Actual: 83%
------	-------------

2011	Target: 82%
------	-------------

PREVIOUS YEAR	Actual: 87%
---------------	-------------

PENSIONERS

Methodology

Pensioners are defined as clients who have completed the retirement process and are receiving full pension payments.

An external firm was engaged to develop and conduct the survey of pensioners to provide confidence in both the methodology applied and the results generated.

The survey was designed to evaluate performance specific to the most recent contact by the pensioner and also to capture information on overall perceptions of client service. The survey is comprised of questions separated into service sections. Individual respondents are asked only the questions applicable to the services requested during interaction with APS. Sample size represents five per cent of the contacts recorded during the survey period.

The result reported is the mean score (multiplied by 10) from all respondents of their ratings of satisfaction on a 10 point scale in three service areas.

Description of results

Target exceeded.

Analysis of results

Pensioner satisfaction continues to exceed target levels.

PENSIONERS

2011	Actual: 92%
------	-------------

2011	Target: 82%
------	-------------

PREVIOUS YEAR	Actual: 91%
---------------	-------------

EMPLOYER ENGAGEMENT

Methodology

Employer engagement is measured using an indexed score based on an employer satisfaction survey and an established employer compliance measure. For 2009 and prior years, only employer satisfaction was measured.

Employer Satisfaction Survey

The survey was designed to evaluate performance, specific to the representative and services provided by APS. An external firm was engaged to develop and conduct the survey. The survey evaluated client service for APS and provides an overall client rating that is robust and comprehensive.

Employer Compliance Measure

The Employer Compliance Measure is designed to evaluate how well APS supports employers in adhering to their legislated responsibilities as related to pension administration. The measure is designed to evaluate the performance of employers in five areas of competence: participation, pensionable salary, pensionable service, contributions and reporting.

Description of results

Target exceeded.

Analysis of results

Employer Satisfaction Survey

Results achieved in this Satisfaction Survey are down slightly from past years but continue to show that employers value the services provided by APS.

Employer Compliance Measure

The Compliance rating increased for the 2011 reporting year. This may be attributed to more

robust information for employers in meeting legislative obligations. Survey results may see a nominal shift year-over-year, depending on the mix of employers who are required to submit audits.

EMPLOYER ENGAGEMENT

2011	Actual: 83%
------	-------------

2011	Target: 78%
------	-------------

PREVIOUS YEAR	Actual: 78%
---------------	-------------

TOTAL SERVICE SCORE

Methodology

Using the CEM methodology, the Total Service Score (TSS) is a means of comparing our service delivery to our peers. The TSS is a weighted average based on a number of pension administration activities, (i.e. pension payments, pension inceptions, call centre contacts, member presentations, etc.).

Description of results

Target met.

Analysis of results

Final score as it relates to the peer median. A lower-than-peer median score indicates that APS delivers more transactions per member at a higher cost than peers.

TOTAL SERVICE SCORE

2011	Actual: 62%
------	-------------

2011	Target: 62%
------	-------------

PREVIOUS YEAR	Actual: n/a
---------------	-------------

PLAN UPDATES: IMPLEMENTATION

Methodology

Measures APS' ability to accurately implement plan rule and factor changes, ensuring accurate and timely administration of pensions and benefits impacted by changes to plans.

Monitors the elapsed time:

- From when APS receives notification of the plan rule or factor change; and
- To successful implementation of the request for change or table update.

Description of results

Target met.

Analysis of results

The length of time required to complete an accurate implementation will vary with the type and complexity of update that must be delivered. In 2011, we implemented 15 updates within six months.

PLAN UPDATES: IMPLEMENTATION

2011	Actual: 6 months
------	------------------

2011	Target: 6 months
------	------------------

PREVIOUS YEAR	Actual: n/a
---------------	-------------

PLAN VALUATIONS: PRODUCTION

Methodology

The number of days to accurately produce a plan valuation is measured from the initiation of the compilation of the plan valuation data (as requested by the external plan actuary) to the delivery of the data to the external plan actuary.

Steps involved:

- Compilation of valuation data from Mosaic and pension payroll;
- Reconciliation and review of data for internal consistency; and
- Delivery of data to external actuaries.

Description of results

Target met.

Analysis of results

The result reflects management's commitment to ensure APS provides plan governors with timely information.

PLAN VALUATIONS: PRODUCTION

2011	Actual: 8 weeks
------	-----------------

2011	Target: 8 weeks
------	-----------------

PREVIOUS YEAR	Actual: n/a
---------------	-------------

HEALTHY WORKPLACE

EMPLOYEE ENGAGEMENT

(Reviewed by Auditor General)

Methodology

Queen's School of Business and Hewitt Associates define engagement as a "measurable state of emotional and intellectual involvement and commitment of the workforce to organizational success."

In 2006, APS began participating in the Best Small and Medium Employers in Canada survey conducted by the Queen's School of Business and Hewitt Associates.

Annually all employees receive an invitation to complete the online survey anonymously. The information is submitted and collected externally by electronic means and all responses are analyzed by Hewitt Associates. Hewitt Associates determine the engagement score based on their tested and validated global standards. The score is based on employee views and not the view of outside experts.

Employees register their level of agreement with the statements in the survey by rating each of them on a scale of one (Strongly Disagree) through six (Strongly Agree). The scores are aggregated for six key engagement questions:

1. I would, without hesitation, recommend this organization to a friend seeking employment.
2. Given the opportunity, I tell others great things about working here.
3. It would take a lot to get me to leave this organization.

4. I hardly ever think about leaving this organization to work somewhere else.
5. This organization inspires me to do my best work every day.
6. This organization motivates me to do more than is normally required to complete my work.

Hewitt uses an average of the scores for these six questions to determine a single engagement score on a scale of one to six for each individual. APS' overall engagement score shows the percentage of employees whose average score was 4.5 or more on the six engagement questions and hence qualify as engaged.

Description of results

Target exceeded.

Analysis of results

92 per cent of our employees participated in the 2011 survey. The 48 per cent engagement score is an 11 per cent increase over the prior year. All 21 drivers from the survey have increased as compared to the 2010 results. The most significant increase was seen in statements relating to the following categories:

- Resources (11% increase); and
- Retirement Savings (16% increase).

EMPLOYEE ENGAGEMENT

2011	Actual: 48%
-------------	-------------

2011	Target: 42%
-------------	-------------

PREVIOUS YEAR	Actual: 37%
----------------------	-------------

COR MAINTAINED

Methodology

The Certificate of Recognition (COR) is valid for three years, and a company must submit an audit every year in order to maintain their certification. In the second and third year of a three year cycle, an internal audit is conducted. The internal audit can be completed by an External Auditor or by an employee of the company after they have participated in the Internal Auditor Training course.

Description of results

Target met.

Analysis of results

In April of 2011, an internal audit was conducted by an employee of APS, who was designated as a qualified auditor. The maintenance audits were submitted to the Alberta Safety Council (ASC) on or before the anniversary date in order to maintain current COR status. The ASC is a Certifying Partner for all industries, but specifically to those employers who do not have an established health and safety association.

COR MAINTAINED

2011	Actual: 100%
2011	Target: 100%
PREVIOUS YEAR	Actual: n/a

ADAPTABLE AND RESPONSIVE

REASONABLE COST

Methodology

The target is based upon the Quantitative Service Measure Survey (QSM) reporting which APS undertakes each year in order to benchmark its performance with an industry peer group for costs.

The calculation for APS cost per member is:

$$\frac{\text{Total QSM expenditures}}{\text{Active members + pensioners at year-end}}$$

Total QSM expenditures are defined as total operating costs per the financial statements, plus capital additions, less any non-cash items, (e.g. amortization and deferred lease inducement). Total QSM expenditures for APS will also adjust for major project costs. Major projects are amortized over a three-year period.

A “major project cost” is defined as a significant project with costs exceeding \$2 million. The concept of adjusting for the major project costs is to smooth out the cost impact of major investments.

Description of results

Target exceeded.

Analysis of results

The positive variance from target was due to:

A favourable variance in expenditures offset marginally by a lower than projected number of active members and pensioners.

REASONABLE COST

2011	Actual: \$155
------	---------------

2011	Target: \$168
------	---------------

PREVIOUS YEAR	Actual: \$167
---------------	---------------

RECORDS MANAGEMENT MATURITY

Methodology

Records Management Maturity is measured as the weighted average of APS' Records Management Principles of: governance, consistency, protection, efficiency, effectiveness, accessibility and reliability. Each component of the framework is scored on a scale of four levels of maturity based on established criteria:

- Level 1 (Absent - little or no formal processes);
- Level 2 (Aware - established practices and processes);
- Level 3 (Defined - formally approved and regularly updated policies and practices); and
- Level 4 (Embedded - with fully established and integrated policies and processes, subject to periodic external reviews and/or benchmarking).

The scores for each component are calculated to arrive at a weighted percentage. Records Management Maturity Results were calculated based on responses from an internal survey from Managers, Senior Managers and Executive of APS. The survey response rate was 48 per cent.

Description of results

Target exceeded.

Analysis of results

The Corporate Taxonomy project has been instrumental in achieving a strong result within the Corporation.

RECORDS MANAGEMENT MATURITY

2011	Actual: 58%
------	-------------

2011	Target: 38%
------	-------------

PREVIOUS YEAR	Actual: n/a
---------------	-------------

RISK MANAGEMENT MATURITY

Methodology

Risk Management Maturity is measured as the weighted average of APS' Risk Management Framework components, including governance, risk identification and assessment, response and control activities, risk issues monitoring and resolution, and measurement and reporting.

Each component of the Framework is scored on a scale of five levels of maturity based on established criteria:

- Level 1 (Adhoc - little or no formal processes);
- Level 2 (Repeatable - established practices and processes);
- Level 3 (Defined - formally approved and regularly updated policies and practices);
- Level 4 (Managed - formally approved and updated and regularly monitored policies and processes); and
- Level 5 (Optimized - with fully established and integrated policies and processes, subject to periodic external reviews and/or benchmarking).

The scores for each component are calculated to arrive at a weighted percentage.

Description of results

Target exceeded.

Analysis of results

This result reflects management's commitment to ensure APS is a risk-managed organization through the establishment and implementation of a corporate Risk Management Program. The Risk Management Program had progressed significantly since its inception in November 2007 as all components of the Program are fully established and in use since the beginning of the 2009 fiscal year.

RISK MANAGEMENT MATURITY

2011	Actual: 73%
2011	Target: 63%
PREVIOUS YEAR	Actual: 68%

PERFECT DAY

Methodology

The Perfect Day measure is the percentage of the number of days that all core information systems are available in a year, compared to the number of working days in a year. The calculation of the perfect day is:

$$(Total\ Perfect\ Days / Total\ Working\ Days) \times 100$$

Total Perfect Days is defined as the number of days without an unscheduled service interruption to any of the core systems in a year. Total Working Days is defined as the number of working days in a year. Results are based on monthly metric reports from APS' internal system Service Desk Express.

Description of results

Target exceeded.

Analysis of results

Positive variance is a direct result of process and technology changes made to the systems environment to improve systems availability.

PERFECT DAY

2011	Actual: 93%
2011	Target: 85%
PREVIOUS YEAR	Actual: 90%

BUSINESS CONTINUITY

Methodology

The Business Continuity Disaster Recovery (BCDR) score is a CEM benchmark measure based on:

- Back up logistics including space and equipment;
- Payroll (internal and external);
- Data and money collections; and
- Call centre service expectations.

Description of results

Target met.

Analysis of results

The disaster recovery ability of APS was evaluated in 2011 using the CEM model, and it rated at 80 per cent.

BUSINESS CONTINUITY

2011	Actual: 80%
2011	Target: 80%
PREVIOUS YEAR	Actual: 80%

GOVERNANCE

PLAN COMPLEXITY

Methodology

Business areas within APS provide responses to questions asked through the CEM methodology. Results are collated and reported by CEM.

Description of results

Target met.

Analysis of results

Although the target was met, APS continues to be the most complex plan within the APS peer group. Final score of 48 per cent met target reduction of one point.

PLAN COMPLEXITY

2011	Actual: 48%
-------------	-------------

2011	Target: 49 (-1)%
-------------	------------------

PREVIOUS YEAR	Actual: 44%
----------------------	-------------

CORPORATE OBLIGATIONS

Methodology

APS developed a process and review plan that includes:

1. Catalogue of documented requirements created from source governing documents.
2. President and CEO reviews requirements and assesses compliance.
3. President and CEO presents assessment to APS Board of Directors for review.

4. Board reviews assessment and provides input, advice, comment.
5. President and CEO sends formal assessment to Alberta Finance (as representing the Shareholder and Minister).
6. President and CEO reviews prior year catalogue; updates as required, and presents to APS Board of Directors for review and approval.
7. President and CEO actions plan and thereafter follows one to five above.

Description of results

Target met.

Analysis of results

In March 2011, the President and CEO prepared a report for Alberta Finance regarding the 2010 corporate compliance. This report evaluates APS' performance relative to its obligations under the Memorandum of Understanding, Pension Services Agreement and Unanimous Shareholder Agreement with the Minister of Finance, and an assessment of APS' obligations to the Minister as Shareholder as documented in APS' by-laws.

CORPORATE OBLIGATIONS

2011

Actual: All obligations met

2011

Target: All obligations met

PREVIOUS YEAR

Actual: All obligations met

2011 BOARD OF DIRECTORS

NAME	NOMINEE	TERM OF SERVICE	BOARD POSITION
Al Mondor	Independent	April 2009 – present	Board Chair
Doug Hollands	Independent	November 2006 – present	Board Vice Chair Audit Committee Chair
Chris Archibald	Public Service Pension Board	November 2010 – present	
Dennis Gartner	Alberta Finance	June 2005 – February 2011	
Grant Howell	Local Authorities Pension Plan Board of Trustees	April 2008 – present	Human Resources Committee Chair
Darrell Jones	Independent	January 2009 – present	
Rosemarie McClean	Independent	January 2009 – present	Human Resources Committee Vice Chair
Rod McDermid	Management Employees Pension Board	January 2004 – December 2011	
Mark Prefontaine	Alberta Finance	May 2011 – present	
Garth Sherwin	Independent	January 2010 – present	Audit Committee Vice Chair
David Watson	Special Forces Pension Board	November 2010 – present	



CORPORATE DIRECTORY (AS AT DECEMBER 31, 2011)

Monica Norminton, QC BA, LLB, MBA, CA-IT	President and Chief Executive Officer
Lesley Bowering, CEBS, MBA	Vice President, Policy and Research
Dennis Gartner	Vice President, Plan Board Secretariat
David Lawrence	Vice President, Member and Employer Services and Plan Operations
Brian Luterbach, BA, BSc	Vice President, Information Technology
Faye Rault, BComm, CMA	Vice President, Plan Operations
Debra Wilson, BBA, MBA	Vice President, Human Resources and Organizational Development
Doug Woloshyn, CA, CIA	Acting Vice President, Finance and Compliance

CONTACT INFORMATION

5103 Windermere Blvd. SW
Edmonton, AB T6W 0S9

Toll-free: 1-800-661-8198
E-mail: memberservices@apsc.ca

www.apsc.ca

