



Legislative Assembly of Alberta

The 28th Legislature  
First Session

Standing Committee  
on  
Alberta's Economic Future

Ministry of Executive Council  
Consideration of Main Estimates

Monday, April 15, 2013  
7 p.m.

Transcript No. 28-1-12

**Legislative Assembly of Alberta**  
**The 28th Legislature**  
**First Session**

**Standing Committee on Alberta's Economic Future**

Amery, Moe, Calgary-East (PC), Chair  
Fox, Rodney M., Lacombe-Ponoka (W), Deputy Chair  
  
Bhardwaj, Naresh, Edmonton-Ellerslie (PC)  
Cao, Wayne, Calgary-Fort, (PC)  
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Smith, Danielle, Highwood (W)\*\*\*  
Strankman, Rick, Drumheller-Stettler (W)  
Xiao, David H., Edmonton-McClung (PC)

\* substitution for George Rogers

\*\* substitution for David Eggen

\*\*\* substitution for Bruce Rowe

**Also in Attendance**

Anderson, Rob, Airdrie (W)  
Forsyth, Heather, Calgary-Fish Creek (W)  
Pedersen, Blake, Medicine Hat (W)  
Towle, Kerry, Innisfail-Sylvan Lake (W)

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## **Standing Committee on Alberta's Economic Future**

### **Participants**

Ministry of Executive Council

Hon. Alison M. Redford, QC, Premier, President of Executive Council

Peter Watson, Deputy Minister



7 p.m.

Monday, April 15, 2013

[Mr. Amery in the chair]

**Ministry of Executive Council  
Consideration of Main Estimates**

**The Chair:** Good evening, everyone. It is 7 p.m., and we must begin. I would like to call this meeting to order. I'd also like to welcome everyone in attendance here tonight.

The committee has under consideration the estimates of Executive Council for the fiscal year ending March 31, 2014.

Just a friendly reminder that the microphones are operated by *Hansard*. I would ask members not to operate their own consoles as it causes technical issues. Also, please do not leave your BlackBerrys, iPhones on the table.

Now I would ask that we go around the table for introductions. I would also ask that if you're substituting for a committee member, please indicate so. I would like to ask the hon. Premier to introduce her staff.

I will start. Moe Amery, MLA, Calgary-East, and the chair of this committee.

**Mr. Fox:** Rod Fox, MLA, Lacombe-Ponoka, vice-chair of this committee.

**Mr. Quadri:** Sohail Quadri, Edmonton-Mill Woods.

**Mr. Bhardwaj:** Naresh Bhardwaj, Edmonton-Ellerslie.

**Ms Olesen:** Cathy Olesen, MLA, Sherwood Park.

**Mr. Luan:** Jason Luan, Calgary-Hawkwood.

**Mr. Dorward:** David Dorward, MLA, Edmonton-Gold Bar.

**Mr. Cao:** Wayne Cao, Calgary-Fort.

**Mrs. Forsyth:** Heather Forsyth, Calgary-Fish Creek.

**Mr. Anderson:** Rob Anderson, Airdrie.

**Ms Redford:** Alison Redford, Premier of Alberta. Sitting with me today are Darren Cunningham, director of operations in the Premier's office, and Peter Watson, Deputy Minister of Executive Council.

**Ms Smith:** Danielle Smith, Highwood.

**Mr. Pedersen:** Blake Pedersen, Medicine Hat.

**Mrs. Towle:** Kerry Towle, Innisfail-Sylvan Lake.

**Mr. Strankman:** Rick Strankman, Drumheller-Stettler.

**Mr. Donovan:** Ian Donovan, Little Bow.

**Ms Pastoor:** Bridget Pastoor, Lethbridge-East.

**Mrs. Sarich:** Good evening. Janice Sarich, MLA for Edmonton-Decore.

**Mr. Xiao:** David Xiao, Edmonton-McClung.

**Mrs. Sawchuk:** Karen Sawchuk, committee clerk.

**The Chair:** Well, thank you all very much. Hon. members, as you all know, the Assembly approved amendments to the standing orders that impact consideration of the main estimates. Before we proceed with consideration of the main estimates for Executive

Council, I would like to review briefly the standing orders governing the speaking rotation.

As provided for in Standing Order 59.01(6), the rotation is as follows. The minister or the member of the Executive Council acting on the minister's behalf may make opening comments not to exceed seven minutes for a two-hour long meeting. For the 40 minutes that follow, members of the Official Opposition and the minister or the member of the Executive Council acting on the minister's behalf may speak. For the next 14 minutes the members of the third party, if any, and the minister or the member of the Executive Council acting on the minister's behalf may speak. For the next 14 minutes the member of the fourth party, if any, and the minister or the member of the Executive Council acting on the minister's behalf may speak. For the next 14 minutes private members of the government caucus and the minister or the member of the Executive Council acting on the minister's behalf may speak. Any member may speak thereafter.

Members may speak more than once; however, speaking times are limited to 10 minutes at any one time. A minister and a member may combine their time for a total of 14 minutes. If the time is not combined, I would ask members to limit their comments to seven minutes. Also, members are asked to advise the chair at the beginning of their speech if they plan to combine their time with the minister's time, and the minister must consent to that.

Once the specified rotation between caucuses is complete and we move to the portion of the meeting where any member may speak, the speaking times are reduced to five minutes at any one time. Once again, a minister and a member may combine their speaking time for a maximum total of 10 minutes, and members are asked to advise the chair at the beginning of their speech if they wish to combine their time with the minister's time. The minister must consent to that.

Two hours have been scheduled to consider the estimates of Executive Council.

Committee members, ministers, and other members who are not committee members may participate. Members' staff and ministry officials may be present, and at the direction of the minister officials from the ministry may address the committee.

Members, as noted in the Speaker's memorandum of March 22, I would like to remind all members that during main estimates consideration members have seating priority at all times. Should members arrive at a meeting and there are no seats available at the table, any staff seated at the table must relinquish their seat to the member.

If debate is exhausted prior to two hours, the ministry's estimates are deemed to have been considered for the time allotted in the schedule, and we will adjourn; otherwise, we will adjourn at 9 p.m. sharp.

Points of order will be dealt with as they arise, and the clock will continue to run.

Any written material provided in response to questions raised during the main estimates should be tabled in the Assembly for the benefit of all members.

Vote on the estimates is deferred until consideration of all ministry estimates has concluded and will occur in Committee of Supply on April 22, 2013.

In case we have any amendments, I would like to read the rules and regulations into the record. Any amendment to the estimates cannot seek to increase the amount of the estimates being considered, change the destination of a grant, or change the destination or purpose of a subsidy. An amendment may be proposed to reduce an estimate, but the amendment cannot propose to reduce the estimate by its full amount.

Vote on amendments is deferred until Committee of Supply on April 22, 2013.

Written amendments must be reviewed by Parliamentary Counsel prior to the meeting at which they are to be moved. Twenty-five copies of amendments must be provided at the meeting for committee members and staff.

At this time I would like to ask the Premier to begin her comments.

**Ms Redford:** Thank you very much, Mr. Chairman and hon. members. I'm pleased to appear before this committee to discuss the 2013-14 Executive Council estimates and the 2013-16 business plan. As I already have, I'd like to begin by introducing the two staff who are sitting at the table with me today. They are Peter Watson, Deputy Minister of Executive Council, and Darren Cunningham, director of operations in the Premier's office.

Since becoming Premier, I have been consistently impressed by the talent and the dedication that every staff member of Executive Council brings to their work, and that ethic extends throughout the public service. It is because of our staff that I am confident that the plans that we laid out in Budget 2013 will be achieved and that Albertans will continue to receive the government supports and services that they rely on.

Budget 2013 is our plan for leading responsible change that builds the vital infrastructure such as schools, roads, waterways, and hospitals that our province needs, that has us living within our means by holding the line on spending, and that creates new opportunities to grow our economy. We will spend wisely on programs, services, and infrastructure while increasing our savings and keeping our taxes the lowest in Canada. We are looking for long-term global economic success in diversified markets with companies driven by our brightest minds and ready to reach for opportunity.

Budget 2013 is a once-in-a-generation opportunity to set Alberta on a more fiscally responsible path for the long term. Keeping our commitments to Albertans and bringing innovation to the public service is part of the work that Executive Council does every day. This department provides leadership and strategy and sets the course for how the public service works together for Albertans. It's under the same scrutiny as all departments during the budgeting process to ensure that programs and services are getting the best results for the investment.

I'd like to begin with an overview of the Budget 2013 allocation for Executive Council. Overall, the Executive Council allocation is \$50.7 million, which is a decrease of \$3.2 million from the 2012-13 forecast, or 6 per cent. Every area of Executive Council is devoted to smarter, more effective spending in order to meet our 2013-14 budget targets. By doing this, the office of the Premier and Executive Council was able to achieve a spending reduction of 4.5 per cent. The Public Affairs Bureau reduced its spending by more than \$2 million, or 11 per cent, and corporate human resources reduced its budget by \$580,000.

I will turn now to a review of the Executive Council's program areas and priorities as outlined in the business plan. Executive Council includes my offices in the Legislature and in McDougall Centre in Calgary, the deputy minister's office, the cabinet co-ordination office, the policy co-ordination office, the Regulatory Review Secretariat, the Agency Governance Secretariat, the protocol office as well as administrative support for the office of the Lieutenant Governor and the Alberta Order of Excellence Council, the Public Affairs Bureau, and corporate human resources.

7:10

Our 2013-16 business plan lays out several priority initiatives for Executive Council, including ensuring integrated decision-making across public service to provide high-quality outcomes for Albertans; leading the transformation and the renewal of the public service so that all public servants are empowered to make a difference in the lives of Albertans; supporting ministers and departments through crossdepartment engagement; providing strategic direction and increasing policy coherence; working collaboratively with ministries to improve the quality of Alberta's regulatory systems and overseeing the ongoing review of regulations so that policy outcomes can be achieved effectively and efficiently; ensuring co-ordinated and effective two-way communication and engagement with Albertans by continuing to implement a strategic communications plan and topic-specific communication strategies; and co-ordinating with ministries and organizations to promote Alberta's energy, immigration, employment, investment, and tourism potential to the world.

Mr. Chairman, these initiatives are part of our commitment to leading responsible change. Our spending reductions are targeted to ensure that government continues to receive the best policy advice to make informed decisions and that Albertans, staff, and clients continue to benefit from co-ordinated and effective communications.

Our public service renewal will be part of the government-wide results-based budgeting process and will be evaluated against the principles of how the government of Alberta makes a difference in the lives of Albertans, working with purpose, accomplishing our objectives through innovation and collaboration, and developing leaders throughout the public service who can continue delivering the responsible change our government stands for.

Renewal is our way of ensuring that the public service is strong, vibrant, and adaptable and remains an inspiring and purposeful place to work so that we can meet Albertans' needs now and in the future. Called reaching our full potential, the renewal effort brings together staff from every ministry to celebrate successes, build on best practices, and encourage cultural change through initiative and empowerment. This approach requires us to focus on the bottom line, which is why we are leading by example in implementing a three-year management salary freeze that will save Albertans \$54 million. We are also committed to reducing the size of management by 10 per cent over the same three years.

Our government through the work of Executive Council and other departments is continuing to build the relationships necessary to open new markets for Alberta's resources and to secure our economic future. We know that we cannot rely on our traditional trading relationships, so we are proactively selling Alberta's story to the world, a story that we all know and are proud of but that so many others still need to hear, particularly in light of political change around the world.

We have taken a thoughtful approach to smarter spending, with zero overall spending growth, a reduced budget, and a move to results-based budgeting.

**The Chair:** You have one minute left.

**Ms Redford:** These are a few highlights of the many initiatives that are taking place through Executive Council. I will now stop here, Mr. Chairman, to answer questions from your committee members.

**The Chair:** Thank you very much, Madam Premier.

Speaking on behalf of the Official Opposition, Ms Smith. You have 40 minutes. Would you like to combine your time with the Premier?

**Ms Smith:** Certainly. Well, we'll go for 20 minutes with combined time and see how that goes.

**Ms Redford:** I'd actually prefer you ask your questions, and then I'll answer them.

**The Chair:** I would like to get the Premier's consent.

**Ms Redford:** No. I won't consent.

**The Chair:** Okay. So you go for seven minutes, and the Premier will answer for seven.

**Ms Smith:** Well, could we, then, shorten it to go five and five so that we can actually get a little bit of discussion going?

**Mr. Mason:** Point of order, Mr. Chairman.

**The Chair:** Yes?

**Mr. Mason:** According to the rules as I understand them or at least the practice of the committee, the decision on whether you combine the time or not is up to the questioner, not to the person answering. Is that not correct?

**The Chair:** No, that's not correct. It has been discussed with Parliamentary Counsel, and it's up to both parties. It's up to the minister to consent to that.

Ms Smith, you can go for seven minutes.

**Ms Smith:** Would it make more sense, since I've got 40 minutes, to go five-five, five-five, five-five, five-five? I think it might just be a little bit easier on the timekeepers to do it that way.

**The Chair:** No. It has to be seven minutes proportionately.

**Ms Smith:** If I get 40 minutes in total, how does that work out?

**The Chair:** The Premier spoke for seven minutes, and you'll go for seven minutes.

**Ms Smith:** Don't we get a total of 40 minutes? So I get three blocks of seven? Is that what you're telling me?

**The Chair:** That's right.

**Ms Smith:** Okay. I think I'm getting this now. No problem.

I had actually rather looked forward to a conversation because I know you speak a lot about conversations, Premier. I had hoped that this would be the first opportunity for us to have one.

I do want to start off by mentioning first of all that I'm subbing in for Bruce Rowe. To give you an idea, the structure I hope we can follow today, Premier, is to talk about the strategic objectives of your government, and then I want to get a little bit more granular as we move along.

I want to start off, though, by making reference to your remarks in *Hansard* on Thursday. I think it was in response to some questions that had been asked by Mr. Goudreau. Your first response was to say, "Contrary to the opposition, we actually think [the issue of the Keystone pipeline] is an important issue." I just wanted the opportunity to be able to address that. We, of course, in the Official Opposition also think that the Keystone pipeline is an important issue. Don't mistake the fact that we haven't asked you tough questions in the Legislature for a lack of interest or even a lack of agreement. We actually are very supportive of the efforts that you've taken, especially recently, to travel to Washington, to build those relationships, to represent Alberta.

In fact, you may be interested to know that I did get an interview request from someone from CTV asking me to comment on one of your trips, thinking I would be critical. Then when I wasn't, the producer called back and said: are you sure you answered the question the right way? I think they ended up calling the NDP when they couldn't get the response out of me that they wanted. I do thank you for your efforts on behalf of Albertans in representing us abroad.

I do want to talk about, again, though, your strategic initiatives. Last year, when the Official Opposition leader, Dr. Sherman, was asking you about the role of Executive Council, you said that you'd make up a brochure on what Executive Council does. I wish you'd done that because it has been a little bit confusing over the number of years that we've seen different departments come in and out of your ministry, so I do want to get to some of that.

I want to start by talking about the priority initiatives of the government. I'll refer to the strategic plan, and we can go through those. Hopefully, you'll be able to comment one by one on some of the initiatives that you have in there.

I want start off talking about the market access strategy that you have. We've heard an awful lot about you talking about an energy strategy. Although I have to say that I'm still trying to piece together what the different elements of that might be, I think it involves building pipelines. I think that's important, whether it's the Keystone pipeline, whether it's the east coast pipeline, which, of course, we've been supportive of as well, or whether it's a west coast option. We personally think that we need to have all three of those. I have also noted that you've made reference to coal gasification as another potential option. But aside from those specifics, I'm a little bit in the dark about what the other elements of your Canadian energy strategy might be, so I hope you might be able to reference today what some of those would be.

I also would like you to acknowledge or explain where the 40/40 plan came from. There did seem to be a little bit of confusion, with different ministers giving different answers to that question and, of course, your comments in *Maclean's* magazine saying that there isn't a proposal on the table.

I will tell you that one of the energy industry players that I spoke with wonders if this is the quid pro quo that is being offered in this Canadian energy strategy. He did raise the question of why it is that we're bidding against ourselves if you take a strategy that's as aggressive as all that, which is not what our federal counterparts or other provincial counterparts are suggesting. I think we just need some clarity on what it is your government is proposing and if that is indeed part of your Canadian energy strategy.

The second area I wanted to have you address is the issue of the resource management act. Of course, in your strategic plan you mention a couple of things that you're hoping to accomplish in the next few years. One is getting five out of seven regions under a regional plan. It seems to me the progress there is fairly slow. We're still waiting for a final plan to come out on the South Saskatchewan at the end of this year. I would appreciate knowing how the progress is going on those other three parts of your regional plans.

The other, of course, is the single regulator. I have to tell you, Premier, that in the last couple of weeks I've heard from two energy industry executives who described the process as a gong show. I think that there are obviously some deep concerns about how that process is unrolling. I think we've seen that in the last couple of days as well with the ERCB having its technical issues and infighting. I think that to give some certainty and comfort to the industry, they'd like to have some understanding about where

you see that going and when we're going to start to see things align and some progress being made.

The third area, of course, is the rebalanced fiscal framework, your third goal. I find it interesting that your counterpart in British Columbia, Christy Clark, is now campaigning on paying off the debt just at a time when we're going to see massive new debt being racked up.

7:20

I'd love to know what happened. I've quoted back to you your own words about how debt impacts countries around the world and how it's been the death of countless dreams. I'd like to know what happened in your attitude about debt since it seems to have converted quite dramatically. It does seem to me as well that there is some lack of clarity about when the amount of debt will stop. It looks like you've given yourself the latitude for your government to increase debt by \$35 billion to \$40 billion with the very generous debt limitation that you've put in. I'd like to have some understanding of when it actually stops and when Albertans will once again see Alberta be debt free, if ever.

You've also mentioned quite frequently – and we've heard it quite a bit as we've gone through estimates – the results-based budgeting.

**The Chair:** Ms Smith, you have one minute left.

**Ms Smith:** Thank you.

I know that that is occurring in your department as well, so I'd love to get some progress to know how that's going.

On the issue of education and entrepreneurship it does seem like you had a fairly aggressive plan to change the way the universities work together, but it does seem like that is in full retreat as a result of some of the activism against Campus Alberta.

On the issue of primary care networks for family care clinics I congratulate you on your deal with the doctors today. But I think that if you look at your document here under the primary care clinics, I can see why the docs were worried. In every reference to family care clinics it doesn't mention physicians. I think that that's been corrected.

**The Chair:** Ms Smith, I really want you to focus on the budget estimates of the Executive Council. I haven't heard you say one thing about that so far.

**Ms Smith:** My understanding is that the priority initiatives are the job of Executive Council. That's what the Premier said last year.

**The Chair:** Well, please focus on the estimates.

**Ms Smith:** That's what I'm doing. I'm focusing on the six strategic initiatives.

**The Chair:** Thank you.  
Premier.

**Ms Redford:** Thank you very much. I wanted to say that the work that we're doing with respect to Keystone is pretty fundamental. Being in Washington last week and hearing what was going on around the conversations with respect to continuing to ensure that we are undertaking responsible economic development in an environmentally sustainable way is fundamental to what we are going to be able to accomplish as a North American energy economy. A North American energy economy is part of what a Canadian energy strategy is about.

A Canadian energy strategy is something that was first developed almost two and a half years ago, not so much by political leadership as it was by industry and community leaders and policy

groups across the country who were taking a look at what was happening in the United States and saw that the United States was looking at what Canada was doing with respect to energy and environmental policy. They wanted to see a connection. It was rather ironic since in the United States, of course, jurisdiction is completely reversed. Energy is a matter of federal jurisdiction in the United States. In the United States there was this expectation that Canada would have something similar that would allow for a parallel conversation with respect to energy.

What we took the opportunity to do was to build on some of the work that had already been going on in Canada across provinces with industry, with government departments around how to make sure that we were integrating our thinking on energy growth and environmental sustainability. One of our great successes in that has actually been the work that's taken place over the past eight months around the pipeline to the east coast.

When we saw a change of government in Quebec and saw Premier Marois come to our first Council of the Federation meetings, one of the first things that she and I talked about was the fact that she understood that we were going to be greater in building an energy economy for Canada if we were actually working in partnership and not separating energy policy across provincial jurisdictions. We've seen very good success in partnership with the Premier of Quebec and the Premier of New Brunswick with respect to the work that's happening on an eastern pipeline. That's a very good example of why a Canadian energy strategy can work.

You know, quite frankly, it used to be that Alberta was regarded as an island unto itself. I know you're quite familiar with that concept because that was part of what we discussed in the last provincial election. We believe as Progressive Conservatives and as the government of Alberta that it's important to be strong partners in Canada. It's important for us to take our leadership role across the country because we truly are the economic engine of Canada at the moment, and there's no doubt that one of the reasons that we are is because of our role in energy.

For us it's been a tremendous success to be able to work with Premiers across the country. Premier Wall has raised the opportunity for us to work together with respect to investment in carbon capture programs along our borders. That would be helpful and would really have to be an approach that's interprovincial. That's really what a Canadian energy strategy is about.

This Friday in Ontario Premier Selinger, Premier Dunderdale, and I will be co-chairing a meeting of provincial energy ministers to continue to advance some of the issues that we think will be important in terms of building an energy strategy. It's not only about energy projects and pipelines. It's also about ensuring that we are putting in place a system that allows for increased energy literacy, programs and investments that are going to allow for more energy efficiencies so that as people are involved in public policy debates with respect to energy and infrastructure, they understand what their choices are.

I was having a conversation with someone a couple of weeks ago, and my daughter was part of the conversation. People were talking about electric cars. We don't talk about this at home, but at 11 years old she said: "You know, it's interesting. People have to remember that even if you're going to generate electricity, it has an environmental impact." I think there are a lot of people across Canada and the United States that need to understand more about what their energy choices are, and we think that that's going to lead to more effective planning with respect to environmental sustainability not only in terms of extraction and development but also in terms of what an energy economy looks like and how people use energy.



With respect to the question of 40/40 we're very cognizant of the fact that almost a year ago the federal government was very active with respect to coal regulations. We know, of course, that there's tremendous work going on, that we're part of, with the federal government around oil and gas regulations. We know that those regulations are beginning to consider what economic development and environmental sustainability look like. In the context of 2013 there are a lot of those discussions going on amongst industry, the federal government, and provincial governments as to what renewed strategies look like to ensure that we have environmental sustainability.

What's been going on in terms of public policy development in the last two or three months has been really vigorous dialogue involving our Minister of Energy, our Minister of Environment and Sustainable Resource Development, the federal government, Peter Kent, and industry to say: look, if we know that there's beginning to be discussion with respect to this, let's make sure that we're informed and that we understand what the options are.

While in the last couple of weeks there's been suggestion that there's somehow a plan with respect to 40/40, that's not at all the case. What it has been – and industry is very much part of this discussion, CAPP and SEPAC and PSAC – is saying that we want to make sure that there's real, serious discussion going on with respect to what all of the options are on the table, and all of those options aren't about 40/40 formulas.

It's not a magic bullet. It's still going to be part of what we talk about with respect to energy literacy, energy efficiency because at the end of day we can't do anything in Alberta that's going to impact the competitiveness of any of our industry players, whether they're multinationals or whether they're small start-ups. We know that small companies in Alberta that are going to capital markets on a project-by-project basis need to be competitive, and they need to be more competitive than multinationals do because the timing is so, so impactful for them. So we're very aware of that, but what we want to make sure happens is that we don't see anyone come in and impose standards. The only way that we can do that is to make sure that there's real dialogue going on.

Very clearly, as I've said over and over again, this is not a point in time where there's a policy proposal on the table. This is what a conversation looks like, so that's very much what we've been having.

With respect to the single regulator we're very pleased with the progress that we're seeing on that. There's no doubt that industry, first of all . . .

**The Chair:** Thank you, Premier.

**Ms Redford:** I'm done? Okay.

**The Chair:** Ms Smith.

**Ms Smith:** Thank you, Mr. Chair. If I could just reiterate the feedback that I've been getting, 40/40 is way too aggressive and will have impact on our oil sands companies. That's what I am hearing over and over again.

I like what you're talking about with respect to greening the grid as an offset. I think we have to be realistic about how much actual reduction we're going to be able to see in our oil sands sector. But if we can get offsets from greening the grid, I think that we may be onto something.

I do have more granular questions that I want to ask you about your department. Let me just run through a number of those, and we'll see what kind of progress we can make.

First of all, I wanted to talk about the priorities for your department that you've got in your business plan, specifically the ones

that you've got check boxes by – 1.1, 1.2, 1.3 – where you talk about refining the governance model for the Alberta public service, ensuring integrated decision-making, and leading the transformation of the organization and renewal. If you wouldn't mind just sort of explaining in plain English what all that actually means, I think that Albertans would be interested in knowing what that will look like at the end, what success looks like.

7:30

I will acknowledge that I think you've chosen the right objective because, when you look at the performance measure, Alberta public-service employee agreement that they have confidence in the senior leadership of their ministry or department, the last time you actually surveyed on that you got a 54 per cent response rate, which is just barely above a pass. I wonder if you can make some comment on why it is that staff say that they don't have confidence in the senior leadership of the ministry or the department because 46 per cent, by my calculation, would say that they don't have confidence. Is that an issue of the ministry? Is it an issue of the senior officials in the department? What are some of the strategies that you're going to be using to bring those numbers up?

I would notice that you have a fairly modest expectation about what kind of success you're going to have, only a 2 percentage point move over the course of the next year, hoping for more than that beyond that. But even still, 66 per cent: I think that was a C minus when I was in school. So three years in to only have that level of public service employee happiness with senior management doesn't strike me as a very aggressive target. If you could comment on what it is you're hoping to accomplish with that and when we will actually start seeing some positive improvement in morale.

The other question related to that, of course, is the issue of severance. I'll get to that in just a minute, but I do want to ask about some of the structural changes that have been made in Executive Council from time to time and maybe get you to comment on why some of those structural changes have been made over the years and whether or not we're likely to see some of the changes back. It is a little bit difficult to compare apples to apples from one year to the next when you see different chunks of different departments moving in and out of your area.

The issue, for instance, of internal audit. That used to be in the Premier's office. It's now moved over to Treasury Board. I wonder if you can comment on why that was. I do also understand that your deputy minister plays a role in directing the internal audit process. The concern I have with this Internal Audit role is that it does appear like the government is its own watchdog, and I wonder if that would change under your premiership since you want to raise the bar on openness and transparency.

The only report we have ever seen that came out of the corporate internal audit was the one on former MLA Bob Maskell, which is a very fascinating read for an opposition member. But it is fascinating as well that this \$4 million department doesn't have any public reporting. I would be interested in knowing as well – my understanding is that the corporate internal audit gives the marching orders to the Auditor General about what their annual and three-year audit schedules should be, which again creates problems. As you can see, if you don't have those reports public and then you're giving direction to the Auditor of what they should or, maybe more to the point, should not be looking at, that does create problems of transparency.

The question of the approved plan for the audit: is it public? The terms of reference say that this particular committee assigns matters to Internal Audit. I don't know if you have a definition of

what “matters” are and how many matters your deputy minister has directed to this Internal Audit Committee. I’d also be interested to know how many reports get generated on an annual basis and how many issues get resolved through this process. That’s one that has moved in and out of Executive Council. Just curious about how that’s going.

The second area I noticed is one that moved in. Corporate human services has moved into your area, and I am interested in knowing why that would be. I suspect it’s related to the strategic objectives that I just mentioned, but if you could explain why that is more efficiently managed under your purview than the purview of the Minister of Finance, I’d appreciate that as well.

Plus, I’d also like to know where the allowance is for severances in corporate human services. Presumably, if you’re going to be trying to change leadership and improve the attitude of staff towards leadership, that would imply that there are going to be some senior people in your departments that are going to be moved out. In addition, if you are going to make good on the promises to reduce management by 10 per cent, I just want to understand what kind of allowances you’re making for severances in those cases.

In addition, making it a little bit more focused on your Premier’s office, I notice that there isn’t an allowance for severance in your Premier’s office as well.

**The Chair:** Ms Smith, one minute.

**Ms Smith:** Thank you.

Every office has turnover. We know that you’ve had a little bit of turnover recently. It would seem like this is the cost of doing business. This is the kind of thing that should be budgeted because if it’s not budgeted, it has to come from somewhere. If you can comment on where it does come from, that would be great. Maybe you don’t have any terminations planned this year, in which case I’m sure your staff will be happy to know that. But it is a bit curious that you don’t have a line item for that.

Then, of course, the Public Affairs Bureau. Last year they asked for \$15 million; they spent \$19 million. This year they’re asking for \$17 million, so that looks like they’re asking for \$2 million more than they did last year. Why is it they’re asking for \$2 million more? And where has the initiative of promoting Alberta gone? It looks like it’s been assumed by the Public Affairs Bureau, but there is no longer a line item. The question is: is this a dead initiative?

**The Chair:** Thank you.  
Premier.

**Ms Redford:** Thank you very much. We think the strategic objectives are fundamental to reforming the Alberta public service. Alberta public servants are managed through Executive Council, particularly senior executives. They are responsible for administering all departments. In fact, you would be wrong to make the assumption that the performance measurement indicator is dealing with, as you suggested, political leadership. What we see in that is a reflection of surveys across the entire public service with respect to deputy ministers, assistant deputy ministers, and directors.

One of the things I’m really pleased about and was very proud of was the fact that when I became leader and once we went through an election, we talked about exactly what I talked about in my opening comments, which was public service renewal. We want to make sure that we have the best and the brightest working in government. We want to make sure that they’re working in a climate where they have the ability to be empowered to make

decisions. We want to make sure that they have the opportunity to be strong and to be able to be bold and to be creative with respect to their leadership, and that means change.

We’re very proud of the fact that we’re seeing public servants now take on those initiatives. We’re seeing people feel very comfortable with respect to what change looks like. But we also know that one of the reasons we wanted to bring that change forward was because there did need to be a cultural change within the public service. When you see those figures, part of what you’re seeing there is an indication as to how people, we believe, at the time were feeling with respect to public service leadership and change within programs in the department. We’re very proud of the fact that we’ve seen very good progress on that, and we’re looking forward to more of that.

Internal audit is only one part of the work that we do in government. Of course, it’s important. We’re not unique in terms of corporate structures that have internal audit processes that ensure that we’re being most effective and most efficient with respect to the programs that we run. It is absolutely not the case, and I take exception to you characterizing the fact, that this is a secretive process and is an exclusive audit process in government. We have an Auditor General. We have an Auditor General who’s an independent office of the Legislature, who can audit absolutely anything that they would like to audit in the government of Alberta. They can take a look at independent offices. They can take a look at legislative offices. They can take a look at Crown corporations. They can take a look at government programs.

As we know, because we very often are questioned about this, the Auditor General and the people in that office are very specific with respect to the work that we do. Part of the work that they do is in partnership, out of courtesy, with our Deputy Minister of Executive Council and the Internal Audit Committee. But there’s no doubt that in terms of the ability to audit government programs we have complete public scrutiny and accountability and that that work is tremendously important in terms of creating transparency. Not to mention the fact that we’ve gone further: introducing more independent officers of the Legislature, who are able to scrutinize even more specifically the work of government; making the Child and Youth Advocate an independent officer; the fact that we’ve brought in whistle-blower legislation that allows public servants to be more publicly available and have more confidence with respect to issues that they may bring forward.

These comments with respect to severance either in departments or in my particular office, that’s part of the staffing budget. I mean, if there are severance packages that need to be provided to people because of contractual obligations, that’s part. It’s not a separate line item. It shouldn’t be a separate line item, and it’s not.

With respect to the Public Affairs Bureau the reason that you see that change is not because there’s been any change in priorities with respect to the Public Affairs Bureau, but what you saw was an amalgamation of the two services. We actually took the two budgets and combined them and then reduced operations in that budget by \$2 million. Instead of seeing a \$2 million increase, what you’re actually seeing is a \$2 million reduction with respect to that budget.

**7:40**

Since I didn’t have time, I thought I’d go back to a couple of the other issues that you raised. First of all, we’re very proud of the work that’s been done with respect to a single regulator. We have a new chair of the board in place. That board is in the process of hiring a chief administrative officer and executive director. Once that position is in place, we’ll be able to see the transition from the ERCB to the single regulator. One of the reasons we introduced

the single regulator is because we do believe that it will be much more effective and much more efficient for industry.

The result that we came to with respect to a single regulator was after over two years' work with industry that was led by our Minister of Environment and Sustainable Resource Development, Diana McQueen, tremendous consultation with CAPP and with SEPAC to ensure that this makes sense. No one in industry has to be worried that this isn't going to be a seamless transition, but to assume that we're ready to make that transition just now – we still have some work to do, so at this point in time the ERCB will continue. One of the reasons that we want to see us move to a single regulator is because of efficiency for industry but also because we have seen some challenges that we want to address. So we're very pleased with that.

With respect to your comments on advanced education we are fully committed to ensuring that taxpayers' dollars are used in our postsecondary institutions to train Albertans in the skills that they need to have to build the economy and that the research that's being done is being done in partnership between universities, industry, and sector leaders so that we're actually diversifying the economy. It would be absolutely wrong to characterize anything that's happening in advanced education right now as anything but a full addressing of how we achieve those objectives. It is certainly not the case that there have been any shifts with respect to policy since the budget was tabled, and there will not be.

We're very pleased with the agreement that we were able to make today with respect to doctors. We actually had the president of the AMA, Michael Giuffre, talk about the fact that this is going to allow us to advance the work that we need to do with respect to family care clinics. It's very important that doctors are part of those. But even doctors realize that they work in multidisciplinary teams, and this is going to allow those teams to work more effectively.

Thank you.

**The Chair:** Thank you, Premier.

Ms Smith.

**Ms Smith:** Thank you. Well, with respect to Campus Alberta I guess the media has it wrong when they are suggesting that the universities are now getting to rewrite the mandate letters that your minister sent to them.

I would have to say that I beg to differ on the openness of the Internal Audit Committee. We went to the parliamentary library, and this is the only study that has ever been publicly released on results from the Internal Audit Committee. So I think there is room for greater accountability and transparency there.

Also, on the issue of the PAB I did want to raise with you the concern that's been raised by political scientists about the politicization of the Public Affairs Bureau. I think we see it again here today in a release that was about the new legislation supporting a successful future for Métis settlements, so a brand new press release. "Our government was elected to keep building Alberta, to live within its means and to fight to open new markets for Alberta's resources. We will continue to deliver the responsible change Albertans voted for."

It's been referenced by several academics as highly unusual for the government to politicize its press releases in this way and be talking in partisan terms and electoral terms in its government press releases out of the Public Affairs Bureau. So I wouldn't mind if you'd comment on the use of some, you know, \$17 million worth of government money to provide a partisan message, which is I think four times more than all of the budgets of the Official Opposition and the other opposition parties combined.

Going more granular on some of your other budget, I think that there are other ways in which your Executive Council is spending money that does not appear in the amounts that are listed in estimates. I don't have the annual report for 2013, of course, since it is not going to be released until June, but I notice that there has been a bit of a trend in a variety of related party transactions that it looks like are assumed by other ministries but are credited to the Executive Council. I wonder if you could explain a little bit of those and why we're seeing such an increase in some of them.

For instance, the four from 2012. First of all, I'd like to know if you've got updated estimates on what they're likely to be for 2013 for expenses incurred by others for your ministry in accommodation, business services, legal services, and air transportation. In 2012 that amount was \$1.6 million. Now, that amount has been as low as about \$339,000, so that seems like a pretty dramatic change from previous years.

On the issue of business services it's \$798,000 for 2012. It, again, has been as low as \$493,000. On the issue of legal services: \$13,000. That seems to be near a historic low. It has been much higher in past years. Then air transportation is \$1.108 million, and again it has been as low as, say, \$542,000 in recent years. If you could comment on the doubling of that since you became Premier. I would also be interested in knowing on air services whether that is just for commercial flights or whether that also involves the government jet. If you could clarify where those expenses come in.

I'm also interested to know whether or not there are other expenses that are not accounted for in the areas that I've listed here. For instance, do you second staff from any ministry into your department so that they're actually taking direction from you but are being paid from other ministries, and if so, where? I'm also curious to know how much of your budget gets taken up by International and Intergovernmental Relations? Of course, with the amount of travel that you do, obviously there are additional costs that would be taken up by that department. If you could clarify how you make the decisions on splitting those.

On the issue of executive vehicles I'm not sure where the line item for executive vehicles is, but I do note that vehicles are provided for the deputy secretary to cabinet; the chief of staff; the executive policy director; the deputy minister; the executive director, south caucus office; the director of communications; the deputy chiefs of staff, policy co-ordination; and the managing director, Public Affairs Bureau. If you could give me an idea of what the yearly cost is for each of these vehicles and how often they're traded in so that I have some understanding of the cost, of where that is budgeted.

This is a serious question, but I don't know if you can answer it here. I am also interested in knowing about the change in your security detail. Again, if there are issues that you can't deal with here because of security reasons, that's quite fine. I'd be happy to get a private briefing afterwards. I would note that Mr. Klein had three security staff, Mr. Stelmach had five, and my understanding is that you have 15. So if you can provide some context about why it is that your security detail has increased more than your predecessors'. In addition, where does that cost come from? Is that in Solicitor General, or is that in Executive Council estimates? Also, when you travel abroad, how many people do travel with you, again, for security reasons? Where are those budget items? Where does that appear? Does that appear in International and Intergovernmental Relations, or is that somewhere in the Executive Council estimates?

I am also curious about the issue of expenses for family. I think there was an issue earlier this year with one of your ministers travelling to London and putting the travel for her mother and

daughter onto a corporate credit card. That, obviously, was not received well by the public. I do know that even those of us who are not in the executive have the ability to have family members travel with us. There are clear rules around it, that you can only have four round trips each year. We also can get reimbursed if we have family travelling with us for conferences and meetings sponsored by the Commonwealth Parliamentary Association and a variety of other things. But I do wonder what the rules are that you've set for yourself and Executive Council. If your family were to travel with you, would that be something that you would pay for privately, or is that something that would be covered by government? Are there similar limitations on the amount of family travel that you can have for yourself or for any of your ministers? The rules do seem to be a little bit different for those of us who are not in the executive versus those who are in a ministry.

The other question I had was about the Regulatory Review Secretariat. I was quite excited about this moving into the Premier's office because, as you know, I think regulation and regulatory reform is crucial. The CFIB has asked for three things. They want to see a benchmark of the total regulatory burden, they want to see a meaningful target for reduction, and they want to see annual progress on the advancement towards those targets. Can you comment on the progress you're making?

**The Chair:** Thank you, Ms Smith.  
The hon. Premier.

**Ms Redford:** Well, thank you. Many of the questions that you've asked are not part of any of the work that's in the Executive Council budget. Treasury Board deals with air transportation. Service Alberta deals with business services. So I'd direct you to ask them about those questions in particular.

With respect to staff in the Premier's office, staff in the Premier's office are paid through the Premier's office budget, and those are the people that work for me.

7:50

You are absolutely right that the rules with respect to family are different with respect to perhaps your position. I don't know what rules you and the LAO follow. We have rules where, from my perspective personally, if my family travels with me, I pay those expenses even though I believe that since the time that I became leader of the party and Premier of the province, there were rules in place that would have allowed my family to travel with me. Whenever they have, we have paid all of those expenses personally. The one exception to that, I would say, is that there have been perhaps two or three occasions when my 10-year-old has travelled with me not on a commercial flight but if I happen to be flying from Calgary and Edmonton on business. For example, once, right after my father-in-law died, she travelled with me. But in terms of any expenses that are incurred around my family, we pay them fully. In fact, my husband and daughter travelled with me to the Olympics. We paid for everything related to their expenses and will continue to do that.

In fact, partly because of the scrutiny, my husband makes a particular point of not travelling with me on business because the climate that we now see with respect to these issues is to the point where it puts him under so much discomfort that it's easier for him to not travel than to actually travel with me.

With respect to security I have nothing to do with my security. Besides the fact that they travel with me, we are not involved in any decisions with respect to that. Budget for security comes out of the Department of the Solicitor General, and I understand that

questions were raised with respect to that during those estimates, and I have no particular comment on those.

Any cars for any members of Executive Council, whether it's my office or any others, come out of the Service Alberta budget, I believe, so I'd direct you to them with specific questions.

With respect to the Regulatory Review Secretariat we are very proud of the work that we've begun to do on that. One of my frustrations was that prior to becoming leader, although the secretariat had been established, we had not seen it make much progress. We think it's very important to come forward with meaningful indicators. I would respectfully say that from my experiences with the CFIB I don't think their indicators are terribly meaningful. I don't think that the number of regulations is the only indicator that needs to be developed.

We see, for example, CFIB very favourably analyzing work that's done in Nova Scotia with respect to regulatory review. I think Nova Scotia two years ago reduced their regulations by 20 per cent, maybe even more. But if you actually talk to people in the government of Nova Scotia and even businesses in Nova Scotia, most of those regulations were already irrelevant and useless, so getting rid of them didn't really matter because they weren't actually impacting anyone. We expect that it's going to be very important to put in place meaningful indicators. It's one of the reasons that we moved the secretariat to Executive Council, and we're looking forward to good progress with respect to that.

**The Chair:** Thank you, Premier.

Now, seeing that we see no members from the third party, I would like to go to the fourth party. Speaking on behalf of the NDP, Mr. Mason.

**Ms Redford:** Could I have a minute to answer one more question?

**The Chair:** Yes. You have a minute and 14 left.

**Ms Redford:** Sorry. I left a note over here.

The Leader of the Opposition's first question was with respect to the politicization of the Public Affairs Bureau. We're very proud of the fact that a Progressive Conservative government was elected on April 23 of last year, coming up on a year, and we will continue to talk about the fact that that government was elected to reflect the priorities of Albertans.

I will say that I find it ironic to be asked this question from a party who refers to itself in its LAO literature as the, quote, Wild-rose opposition. I will tell you that I think that in the true tradition of parliamentary process this is odd. I find it odd that there are MLAs from opposition political parties that are using their LAO budget to drive around in vehicles that still have partisan labelling on the side of them and are charging those expenses back to the LAO.

I think it's very important right now that we ensure that all Albertans can have . . . [interjection] My time?

**The Chair:** Yeah. Go ahead. You still have about 10 seconds.

**Ms Redford:** I think it's very important right now that we ensure that all Albertans can have confidence in the people that they elected in their constituencies to represent them regardless of political party.

**The Chair:** Thank you, Premier.  
Mr. Mason.

**Mr. Mason:** Thank you very much.

**The Chair:** Seven minutes.

**Mr. Mason:** I guess I get a whole seven minutes, so I'm just going to go right into the questions, but not before I make a comment with respect to what the Premier last said. The rules of this place, ever since I've been here, set out by the LAO, are that caucuses identify themselves by the party. We've always been the NDP caucus, and that is what we're instructed to call ourselves by the LAO. That corresponds to the government communications in the Premier's office, not in the supposedly nonpartisan Public Affairs Bureau.

I want to ask about corporate human resources in the budget because I believe that the budget statement we have misstates the Premier's budget. If I look at the 2013-14 budget estimates, the 2012-13 budget is stated as \$52,648,000, but the exact same document from the previous budget shows that the 2012-13 estimate was \$31,461,000. That is at least \$10 million less.

Now, that can be explained by the addition of corporate human resources, which was in a different department a year ago and was transferred to the Premier's budget, which increased its budget by over \$10 million. But I believe, Mr. Chairman, that this budget submitted by the Premier's office misstates the actual state of affairs because it claims that the estimate for the budget for 2012-13 was \$52,648,000 when, in fact, according to the actual budget last year it was \$31,461,000.

It's great to add \$10 million to your budget and then cut a couple and then look like you're a hero and have saved a lot of money, but actually the Premier's budget this year is substantially higher, about \$8 million higher, than it was a year ago. So I want to put that, first of all, on the record.

I want to deal with the politicization of government communications. This has been commented on by a number of commentators, that there are now press secretaries in every department reporting to the Premier's office that are taking partisan shots at opposition parties for doing their job.

I want to bring one example to the Premier's attention. I'm going to mention a name because he's been public in a column in the *Edmonton Journal* about that, and that's Mark Cooper, somebody I've known for a long time and have a lot of respect for and who attempted in his previous position with the Public Affairs Bureau to walk a fairly narrow line of nonpartisanship and simply representing government communications.

But under the new plan of transforming these people into press secretaries and partisanship in a partisan way, I was faced with a situation on Twitter not so long ago where, because of the position we were taking relative to the Keystone pipeline, I was called by a staff member working for a minister on Twitter as treasonous. You know, that's just completely unacceptable, Madam Premier. That's the kind of thing that we're getting now from your office. This comes from your office. These are partisan communicators, paid for by the taxpayers, and instead of politicians criticizing other politicians, we now have dozens of staff members . . .

**The Chair:** Mr. Mason, I'd like to focus on the estimates, please.

**Mr. Mason:** Yeah. This is in the estimates.

In my view, it's a misuse of the public funds that has occurred under this Premier. The partisanship that has been shown by staff acting in place of politicians is, in my view, outrageous.

I'd like to ask a few questions. How many press secretaries are there? What is the total cost? Which budget pays for the press secretaries? Are there other communications staff, aside from press secretaries, who have a partisan role within the line departments? Where are they, and who pays for them? Why have we seen year-

over-year increases, a large increase over the last couple of years, for the Public Affairs Bureau? Again, I'll repeat that question relative to the Public Affairs Bureau. I'd like to know if there are other communications staff within line departments whose salaries and costs are paid by those departments.

**8:00**

I want to deal with security because this is another issue. I heard what the Premier said with respect to this matter, but there's been a mushrooming of the security detail around this Premier, and I find it hard to believe that those decisions are made exclusively by the Solicitor General without consultation with the Premier's office. I'd like to know what that is, what communication there is. I don't think that the Solicitor General would operate in a vacuum. There's also been use of the Calgary Police Service to provide security for the Premier. I understand that's been discontinued, but I'd like to know how that occurred and what the costs were for that.

So my questions fall into three areas: the misstatement of the Premier's budget relative to corporate human resources; secondly, the politicization and expansion of government communications in a partisan role; and the question of security relative to the Premier's office. That's all I need. Those are my three questions.

Thank you.

**The Chair:** Madam Premier.

**Ms Redford:** Well, thank you. The first question, Brian – sorry.

**Mr. Mason:** In committee we can use first names, but I'll still call you Premier.

**Ms Redford:** Thank you, Brian.

I'm going to ask Peter Watson to just speak to that because I don't think it is actually a misstatement of the budget. We'll try to clarify that, and if you still disagree, then we'll agree to disagree. But we'll just have Peter speak specifically to that question around the numbers if that's all right with you.

**Mr. Watson:** Thank you, Premier. To the base of \$31.461 million, which was published in the estimates in Budget 2012, there were a number of transfers of functions into and out of Executive Council, which, when you add all the numbers up – and I'll itemize them here quickly in a moment – gets us to the comparable '12-13 budget of \$52,648,000 that's published in Budget 2013.

Then, of course, the Premier has already indicated in her comments some of the reductions that we've taken to reduce the comparable '12-13 numbers from \$52,648,000 down to \$48,430,000 in our operational expense. Just to itemize those transfers from the original estimates published in Budget 2012, a transfer of corporate human resources into Executive Council of more than \$21 million; a transfer of the Agency Governance Secretariat from Treasury Board and Finance approaching \$300,000; a transfer of a couple of policy positions from the departments of Energy and Environment and Sustainable Resource Development of a little more than \$300,000; and a transfer of some funding that was in various ministry budgets for administration of cabinet committees. That funding was consolidated into Executive Council, and that was a little more than \$1.25 million. Then there was a transfer out of Budget 2013-14 for support for the Deputy Premier function, to follow the Deputy Premier into the Ministry of Enterprise and Advanced Education.

When you add all those numbers up – and I haven't quoted them exactly – you go from the little over \$31 million estimate

published in Budget 2012 to the comparable 2013 number. Then the Premier has commented on our reductions.

**Ms Redford:** With respect to press secretaries, there are press secretaries in each minister's office and one in my office, for a total of 17. Those press secretaries are paid for out of ministers' budgets.

Your last question was with respect to security. I cannot comment any further on it, Brian, except to say that it's the Department of Solicitor General who are the security experts that make the decisions with respect to security. We are not involved in those discussions. I simply live my life and have my life organized in the way that security decides to plan it, and that is absolutely the case. There is no dialogue that we are involved in with respect to that, and that is as it should be from my perspective.

I think those were all of your questions.

**The Chair:** You have three minutes left, Brian.

**Mr. Mason:** Yeah. Well, it begs the question of why you're eight times higher risk than Ralph Klein.

**Ms Redford:** I might just make a general comment, which is something that you referred to with respect to your comments, which is that we are seeing a very different politicization of party politics in government in Alberta right now. I think you'd probably agree with me, because you've been here an awful lot longer, that there is a certain personal tone to what's happening in the political climate and the political environment right now that I think is quite different than what I've seen growing up in this province. You know, you said that you've had comments made with respect to you on Twitter.

**Mr. Mason:** By your staff.

**Ms Redford:** No. The staff of a department.

I would like to actually sit down, if you'd like, and make a comparison with respect to the personal comments that may have been made about you and with respect to the personal comments that have been made about me and my family. I won't speak to whether that has an impact on security or not. But there's a different political climate in this province right now.

**Mr. Mason:** I can certainly take whatever another politician dishes out, Madam Premier, but I think I draw the line when staff paid by taxpayers are involved in personal attacks against opposition MLAs. I think that crosses the line.

**Ms Redford:** Well, I certainly wish I could, too, Brian, but that's not always the case.

**Mr. Mason:** Yes. Well, I do my own dirty work, Premier, and I'm prepared to, you know, take it as well because it's all part of the game.

Okay. Well, I guess that concludes my questions.  
Thank you, Mr. Chairman.

**The Chair:** About one and a half minutes left. Okay. That's fine. Thank you.

Speaking on behalf of the PC caucus, Mr. Cao.

**Mr. Cao:** Thank you, Chairman Moe. [interjections] Moe Amery. We use first names here.

Premier, first of all, thank you very much for coming to our committee and listening to all of the views and explaining to us

the budget that you have, and thank you to your staff. Off the bat I would say through this message that I wish to thank all of the public employees – I guess there are around 80,000 in Alberta – serving in fantastic jobs, serving Albertans in their capacity.

I look at page 109 of the budget estimates here. I just look at it from the accounting, the numbers. I feel that this is great to see the reduction that you talked about earlier, 6 per cent, or in the \$2 million, \$3 million range in total, which is fantastic. I think that's an example of doing more with less. From that comment, my question is regarding the recent announcement on the salary freeze and the planned reduction for the management level of work in Alberta's public service. These are the people who provide essential services to support Alberta in health, safety, security, and all the other aspects that allow us to achieve the best outcome for Albertans.

**8:10**

I guess I will stay within the seven minutes. If you or your staff have to take notes of the questions as I go through, the main question would be: can you explain the rationale behind this decision of freezing salaries and the planned reduction in management? Question 1 would be: how many people are being affected by the management payment freeze? Following that, I would ask: does that mean there is no opportunity for merit increases for exceptional performance?

Question 3 would be: how much will the management reduction save over the three years, looking at the long-term plan for the three years? I just wonder whether this is an across-the-board reduction of all the management, a certain percentage of everybody gets hit, or how it is arranged. Question 5 is: how did the government – I believe the number is 10 per cent – arrive at that number? How did you come up with that? To continue on this subject, question 6 is: how will departments decide which managers will be affected? That's a really tricky part. From my corporation management experience before it is very, very tough to look at that.

Question 7 that I would ask is: how will this impact on the program and the service delivery to Alberta? Once you have that thing lopped off, then what will happen? Question 8 I would say is: you're freezing the salaries and planning a reduction in management, but is there a hiring freeze also being considered? I wrote it here, I guess probably my ninth question now: what message does this send to other public-sector workforces when you do that? What is the message you want to say there to the people who still stay around? Question 10 here is: is there a concern that this decision may drive valuable public servants to the private sector? Will they just quit and leave?

**The Chair:** You have one minute left.

**Mr. Cao:** Well, in fact, it's my last question here. Question 11, I think, is: how do you plan to keep employees engaged in the wake of this decision? After all of this reduction and freeze, how do you get them engaged back into the spirit and the body of it?

Thank you.

**The Chair:** Thank you, Mr. Cao.  
Madam Premier.

**Ms Redford:** Thank you. I will try to make my way through these. First of all, while we have made a commitment to a 10 per cent reduction over the next three years, we have not instituted a hiring freeze. We think that that would be counterproductive because very often what you will see happening then is certain divisions becoming demoralized. You end up just arbitrarily not

creating a positive climate where people need to work, which speaks to the fact that we haven't made a decision to have across-the-board cuts. We were very clear around that before we introduced the budget. We think it's important to be able to think thoughtfully about where we can be more effective with respect to the delivery of programs and services and to make sure that we don't impose anything like an across-the-board cut.

We think that it's possible through results-based budgeting to really take a look at how we deliver value for taxpayers and continue to provide the programs and services that Albertans need. Results-based budgeting has been very effective for us. We've already seen very high levels of in-year savings. I think it's well over half a billion dollars in the past year, and we intend through our independent challenge panels to continue to follow that process at a much more accelerated rate. What that's allowing us to do is to ensure that we're still able to deliver the programs and services that matter to Albertans.

Over the next three years we expect that we will see savings as a result of this decision of about \$54 million. We think that this will probably impact approximately 500 people who are currently working in the public service over the next three years, and departments are right now putting plans in place as a result of this work plus results-based budgeting to ensure that we are effectively going to be able to continue, as I said, to deliver services. We expect that the salary freeze overall affects about 4,800 public servants and that we will probably save approximately \$50 million as a result of that freeze.

It is still possible within the compensation packages for some people, depending on their employment contract, to be able to receive slight increases with respect to exceptional performance. It is not a given, an understanding, or an assumption that those increases will happen, but there is still the opportunity for that upon recommendation by senior managers. We think that's important because as you've said so rightly, we're in the middle of renewal in our public service. We want to make sure that we're supporting people that are innovative thinkers, that are thinking long term, that are being creative and coming up with new ways to ensure that we're providing services to Albertans.

One of the things that our Minister of Human Services is very fond of saying is that rules are for when brains stop working, and we want to make sure that we have a public service where we have people on the front lines who are prepared to be innovative and bold with respect to providing services, coming up with solutions, and ensuring that we're doing what's best for Albertans. As we move forward, I think that we're going to continue to be able to see tremendous renewal in the public service, different sorts of communication across regions. I know that we've certainly seen that with respect to the Department of Human Services.

You'll know also – and we shouldn't forget this fact – that one of the things that we've done in government is that we've amalgamated different departments. We've put Seniors very closely tied to the work that's happening in Health. We've brought a number of departments together under Human Services because it made sense from a programming basis, not only from a budgetary basis, for clients that were receiving services from government.

We were very clear with Albertans in January that this was going to be a tough budget, that we were going to have to make tough choices, and that we wanted to make sure that we were doing it in a way that would allow for quality services to be delivered. We've been pleased and fortunate to have developed a very strong partnership with the Alberta Teachers' Association and today the Alberta Medical Association, where we've had our

individual professionals that are providing services to families in Alberta understand the importance of working with us in these very difficult fiscal times to make sure that we're providing the services within the fiscal constraints that we have.

So we're very confident that through a renewal of the public service and a new approach to being able to deliver services as well as a real change in the esprit de corps in the public service, where we're able to promote young managers and see significant change in senior leadership, there's going to be tremendous opportunity for progress. As we move forward, it's going to be fundamental. As you said, there are 80,000 Albertans across this province that are providing services that are passionate about the work that they do. They care about their clients and want to make sure they can deliver those services, and we want to support them in doing that.

Thank you.

**The Chair:** Thank you, Premier.

The specified rotation between caucuses is complete. Now we will move to the portion of the meeting where any member may speak, and the speaking times are reduced to five minutes.

My understanding, Ms Smith, is that you'll be speaking on behalf of your caucus. You'll have five minutes, and the Premier will have five minutes.

**Ms Smith:** Great. Thank you, Mr. Chair. I did want to give you, Premier, the opportunity to talk about – when we were going through the six major elements of the strategic plan, your six priorities, we didn't get an opportunity to talk about the last one, so I did want to give you an opportunity to respond to that so you can give some indication of the direction that your government might be going on the issue of early childhood development. Now, I know that in the past you supported Paul Martin's national daycare program, so I have been looking to see what kind of direction you're intending to take with this early childhood development approach. It does seem to me that there wasn't really any indication in this budget of what elements of this plan you're going to be focusing on or whether this is going to be delayed until next year or the following year. If you could comment on that.

**8:20**

I would also like you to address if you could the question – there was a lot that I was throwing at you, so I think you ended up missing a fulsome answer to the question about what changed your mind on goal 4, rebalancing the fiscal framework.

You may recall some of the comments that you made about the issue of debt leading up to your victory in the PC leadership and then, of course, leading up to the election. "We have all heard of the crises in Europe. Debt is the trap that has caught so many struggling governments. Debt has proven the death of countless dreams . . . Alberta does not have debt, and we will not incur debt. That's fundamental to what Albertans are proud of, and we're committed to making sure that continues." And we are a party of fiscal discipline; we are not a party of deficit; it's entirely possible for us to continue to provide the quality of life that we as Albertans have without going into debt, and I'm committed to that. Those are pretty clear statements.

To see less than a year later the statements that are made in the section under rebalancing the fiscal framework about going into debt for a capital plan as well as a fairly modest expectation of just maintaining our triple-A credit rating without really any indication of when we might get back to the high ideals that you were expressing before you won the leadership and before the election

about being debt free – if you could just explain what happened in your thinking on that and when we might expect to see Alberta debt free again and just how deep into debt we're actually going to go. I think that Albertans would like some greater clarity, especially on those two particular points.

How much more time do I have, Mr. Chair?

**The Chair:** Two minutes and 25 seconds.

**Ms Smith:** I wanted to get a little bit more granular on this issue of your staffing because I think this goes to the point that was raised by Mr. Cao earlier about where exactly the staffing cuts are going to come from. I noticed that there used to be a breakdown in the annual reports between the office of the Premier and the Public Affairs Bureau. In 2010-11 it was 62 members in the office of the Premier, 118 in the Public Affairs Bureau. The number we had in 2011-12 was an overarching number of 185. I wonder if you can break that down for us. In 2012-13 an overarching number of 370, with the other services coming over, and then in 2013-14 an overarching number of 365. If you could give a little bit greater breakdown as to what those would be.

Also, I would like to maybe at this point bring forward my amendment just so that I have the opportunity to speak to it. If I have another opportunity at the end of the evening . . .

**The Chair:** You have one and a half minutes left.

**Ms Smith:** So the amendment: I'll circulate the requisite number of copies. The context for this is that the Premier's office at a low point had about \$4.3 million. If you had increased that with inflation and population growth, it would have increased by 50 per cent. Instead, it's actually increased by 270 per cent. I happen to be of the view that if Mr. Klein was able to run the Premier's office on \$4.3 million, I think that showing some leadership, you're able to lean out various aspects of your department as well as the Public Affairs Bureau. It would be a really good signal to the province.

I'm focusing this on the Public Affairs Bureau, and I'm going to move that

the estimates for Executive Council be reduced as follows:

- (a) for Public Affairs corporate services under reference 2.1 at page 110 by \$1,437,000 and
  - (b) for Public Affairs corporate communications under reference 2.2 at page 110 by \$8,563,000
- so that the amount to be voted at page 109 for operational is \$38,430,000.

The Premier may know that we have put forward our Wildrose alternative budget for the last four years. One of the commitments that we would have made in there was to reduce the Public Affairs Bureau by \$10 million, so that's why I've put forward this amendment, and I hope the committee members and your government will support that.

**The Chair:** Thank you.  
Premier.

**Ms Redford:** Well, thank you. Odd comment with respect to kindergarten and Paul Martin's national daycare program.

We've always believed that all-day kindergarten was important, and that's exactly what early childhood development programming is about. We think there is a very particular difference between all-day kindergarten, which actually supports a curriculum that allows children from the ages of five and six to begin to be part of the education system, and making the false presumption that kindergarten is daycare. Kindergarten is part of a fundamental system that's going to prepare children in this province for success

in the long term, and to see that sort of parallel in characterization I think is inappropriate, certainly from our perspective. It may not be from yours.

With respect to discussions around debt, again, I always find it quite simplistic to listen to some political parties talk about what that means. From my perspective, investing in infrastructure is about investing in the future of the province. We want to make sure that while we're investing in this infrastructure, which – let's be clear – becomes capital assets, we're investing in schools and hospitals and roads and bridges and waterways that we need now. Unfortunately, I think that one of the issues that the Wildrose opposition falls short on is somehow dismissing the fact that we need to invest in these.

We don't want kids going to school under trees. We want to make sure that senior citizens are taken care of in long-term care. We heard at the Alberta Association of Municipal Districts and Counties that we have to make sure that we have long-term investment with respect to bridges and roads.

As we move forward, we know that our borrowing strategy is responsible, it's strategic, and it's going to allow for continuing economic growth in the province. Is it the circumstance we'd like to have? Of course not. But we know that there's been a bitumen bubble, and we know that there's been an impact. We want to make sure that in the long term we're making the right decisions.

We're very proud of the fact that as part of our plan we will ensure that the servicing of debt is never more than 3 per cent of general revenue. The reason that's important, Mr. Chair, is because that ensures that there is some discipline with respect to that, never borrowing for operating because it's important to not have operating deficits. We want to make sure that that 3 per cent keeps us limited enough so that if revenues drop or if interest rates go up, that ensures that we're consistent with respect to what our borrowing plan will be. To be very clear, we are borrowing to make sure that we can do that in a way that's investing long term in the infrastructure that Albertans need now as we have a hundred thousand new people moving to the province every year.

With respect to particular numbers in Executive Council, we have 12 people who run my office in Edmonton; four in Calgary; six in the correspondence unit; seven providing communications support to my office; 11 in the Deputy Minister and cabinet co-ordination office; 17 in the policy co-ordination office, which provides strategic policy and planning co-ordination for government; five supporting the Regulatory Review Secretariat, which leads the regulatory reform agenda; two providing support to the Agency Governance Secretariat; six in protocol, co-ordinating visiting foreign delegations and managing Government House; and four providing administrative and communication support for the Lieutenant Governor. So that's 74 people in the office of the Premier and Executive Council.

Staffing for the Public Affairs Bureau is 113 FTEs. Sixty-five are professional communications staff that are seconded to ministries; 29 staff develop communications for the long-term strategic plan.

The staffing for corporate human resources totals 178 FTEs, with four staff in the Public Service Commissioner's office.

I'll take a moment, Mr. Chair, just to say that it would be a mistake right now in the political climate in this world to be doing anything to shut down the Public Affairs Bureau, which is one of our opportunities to tell Alberta's story around the world.

Thank you.

**The Chair:** Thank you, Premier.

Mr. Luan, you have five minutes.



**Mr. Luan:** All right. Thank you, Premier, for the opportunity to ask some questions on behalf of my constituents and my supporters, I guess, that sometimes go beyond my constituency. I just want to begin by saying that having the opportunity to work with you in your caucus and to understand the passion and the energy that it brings to the table is absolutely wonderful.

But I do want to bring some comments and then some specific questions. One of the comments is about the work you've been leading on, particularly helping to resolve the difficult decisions we had to make in working out an agreement with the Alberta Teachers' Association and, most recently, today, with the Alberta Medical Association. I must say that I have so many members of the ATA and the AMA in my constituency, and during the course of the hard negotiations you can imagine how hard it was sometimes getting caught in the middle. Some of those are very dedicated supporters and sponsors. Unfortunately, when they were caught in this, they were not that pleased. But let me tell you that when we reached an agreement, I got calls and e-mails about how happy, how appreciative they are. So I want to thank you for that.

The specific question I want to ask is regarding your theme, Building Alberta, opening new markets. As you can see from somebody like me with an immigrant background, I have a very particular interest in this because with this, surrounded by our province's goal, I think you have a vision to lead Alberta to being one of the best places to live, work, and raise a family.

**8:30**

A couple of questions related to that here. One of the questions is: what is being done to promote Alberta to an international audience? In particular, I'd like to hear you expand on – because I know you've talked about this in the past – how developing Alberta's energy and protecting our environment are two sides of one coin, that you cannot do one without the other. Can you expand a little bit on your understanding of what that really means? What's the cost to Alberta when you take that kind of approach?

The second question is: can you tell us how much the government spends on advertising and why it is a good use of taxpayers' dollars? I believe this is a question of several of my supporters. I know you have some good reasons to explain that.

The third question is: what is government doing to make sure that when we spend those dollars for advertisements, we get the best buck out of it? Can you help us understand how you get there?

Those are my questions. I really appreciate the opportunity to hear the answers.

**The Chair:** Thank you, Mr. Luan.

Madam Premier.

**Ms Redford:** Thank you. How much time do I have, sir?

**The Chair:** Five minutes.

**Ms Redford:** Okay. The first thing I'd say is that I think that we can be very proud of the ATA agreement and the AMA agreement because people really came together through some very difficult times to come up with agreements that they all feel proud of. You know, we are able as the government of Alberta to say that we have provided a system that respects the fact that we have professionals that are providing services to the citizens of Alberta, and those doctors and those teachers know that they're coming to the table in a meaningful way to ensure that we're building a system that's sustainable in the long run. I think that the best sort of negotiation always has to be where both groups feel that they've been to the table, understand the issues, have been able to

represent their interests, and that both feel successful in this. It's wonderful that we've been able to do that.

With respect to opening markets, it's been a very exciting year. You know, we're very fond of saying, of course, that the United States is our greatest trading partner, but we can't rely on them exclusively, which is one of the reasons that we've been spending a great deal of time attracting investment and building markets in Asia, looking to China, looking to India. You'll know from some of the discussions we've already had around the development of our international strategy that we need to go where developing economies are so that we're ensuring that those economies that want our products are able to get them, which is one of the reasons we've been working so hard with respect to the development of the east pipeline, which allows us to get oil product essentially to India in exactly the same amount of time as if we were to export it off the west coast. People find that to be an interesting fact, but it is actually true.

Also, the fact that we've been able this past month to open our Ottawa office has been tremendous. It's been some years since the Alberta office has been open in Ottawa. We had the opportunity very recently to open that, to have a celebration with many members of our federal Conservative caucus there and talk about the fact that we have common interests and that we want to make sure that we're communicating. What was most interesting to me about that opening was that I think we had well over 76 ambassadors at that event.

We've had tremendous follow-up since. You know, there are markets around the world, particularly in the Middle East, where we've seen tremendous willingness and interest to build commercial partnerships. In fact, Mr. Chair, I think you were part of an event – was it this past week? – that involved over 17 ambassadors from Middle East countries coming to not only talk about oil and gas but to talk about research and innovation as well, where we can learn from other economies and other economies can learn from us.

With respect to some of the campaigns that we've been involved in, it's been very important for us to be able to tell Alberta's story. Last year we spent approximately \$9 million on advertising. We know that we need to ensure that we have strategic perspectives on producing our advertising, on producing and purchasing our recruitment ads. Remember, we're recruiting people from all over the world. It's not just selling our product; it's attracting skilled workers to ensure that we have a competitive economy.

What's been really interesting for me and I think is very important is that people talk about what it was like 20 years ago. I know that the opposition is very fond of doing that. The fact is that it's not 20 years ago. Washington in 2013 is a place where we need to have a strong presence. Ottawa is a place where we need to have a strong presence. We need to make sure that we're being strategic with respect to publications in New York and Washington where we're telling the story as to who Alberta is and what our values are in 2013.

We were very effective, surprisingly to me, with respect to what is a relatively small advertising budget, compared to people opposed to the Keystone project, in getting very good placement on page A4 of the *Washington Post* the two days that I was in Washington. This is a paper that does matter. It's worth investing that money in those ads to tell our story so that people understand exactly what the issues are as their mind is turned to the decision that they need to make with respect to that project.

Thank you.

**The Chair:** Thank you, Premier.

Ms Smith. Five minutes.

**Ms Smith:** Thank you, Mr. Chair. I do just want to address a couple of the issues that you responded to, Ms Redford, in your last statements. First of all, I was struck by something that you did say in the Legislature: "Simply because the opposition stands up and says something, as I say over and over again, doesn't make it true." Well, we could say the same thing about some of your statements as well, Ms Redford. Just because you say that we don't have a plan to build, it doesn't make it true. We did put forward a 10-year debt-free capital plan that would have \$4 billion worth of spending this year, escalating over the course of the next 10 years.

We happen to think that infrastructure is actually a core function of government, not something that you do if you have money left over or if you happen to have an oil boom or if you can convince Albertans to borrow for it. We think that this actually is a pretty essential and critical role for government, and you have to change and structure your spending plans accordingly. Now, I'm sure that your staff don't brief you on everything that we say, but I thought I would give you that clarification so that you don't say the same thing over and over again incorrectly.

I am also a bit confused about why you took such umbrage to my last question about what your plans are for early childhood development because when I look at the priorities, it doesn't say anything here about full-day kindergarten. I guess that's why I think Albertans are wondering what it is you have in mind for early childhood development because you clearly haven't acted on full-day kindergarten.

There are other elements here which suggest it's something bigger than that. You talk about children realizing their full potential when they enter school. You talk about parents being provided early learning years information and practical tools that help support their child's development. You talk about a made-in-Alberta early years approach that will be developed to provide responsive early learning and care options that help children to reach their developmental potential by the time they enter school. That sounds like something quite different than full-day kindergarten. That's why I'm trying to seek clarity about what it is you have in mind.

You do then say that success is measured by children realizing their developmental potential in their first years of life. Now, surely you're not going to start kindergarten at age one, two, or three, so the fact that you've got those four elements in your child development plan I think requires just a little bit of clarity since in this budget we actually haven't seen any concrete measures being taken one way or the other, whether it's for kindergarten or whether it's for some of the other things that are mentioned there. So if you could provide some clarity about where you're going on that in the next couple of years.

The other question I have goes to goal 2 in your business plan, about government policy, planning, and decision-making. You do talk about it being supported by the best policy advice from the public service. I guess I'm wondering where that intersects with one of the other promises that you made during the election campaign when you wrote a column for the *Calgary Herald* about the need to change how the Legislature and MLAs operate. More free votes so MLAs can reflect constituents' views.

Of course, we agree with that. We have free votes in the Legislature all the time.

More time between proposing and voting on legislation. More collaboration among departments so that initiatives mesh in achieving goals.

The reason I raise that in particular is that I had a very disappointing meeting today with your Minister of Aboriginal Relations, who told me that the aboriginal framework for

consultation, the legislation, would be introduced sometime before the end of May. Of course, we all know that we're going to be out of the Legislature, based on the calendar, by the first Thursday in June. So I said, "Minister, does that mean that you're going to introduce the bill, and we're going to go through second reading, Committee of the Whole, third reading, and get royal assent in essentially 10 days?" He said, "Yeah." And I said, "Well, with due respect, Minister, I don't think that that is quite in keeping with the openness and also the promise made during the election campaign that we would have more time between proposing and voting on legislation."

8:40

That certainly does not give the time to opposition for such a substantial piece of legislation, that is going to be impacting our energy sector. That comes up again and again in my discussions with them. To have that little time between being able to propose and vote on legislation does not strike me that you're making much progress, frankly, on being able to develop a better policy-making process. I think you would see that it would translate into how the Legislature functions.

I guess with that in mind I'd kind of like to understand what you think the role of your backbench MLAs is and what you think the role of the opposition is. It certainly doesn't seem that with that kind of practice there's much respect for free votes of your own members and certainly no respect for the role the opposition must play in being able to put forward good amendments, in being able to consult with stakeholders, and to be able to augment the processes.

**The Chair:** Thank you, Ms Smith.  
Premier.

**Ms Redford:** Well, thank you, Mr. Chair. I think it's very important that we understand that putting a capital plan in place and not putting money behind it isn't actually a capital plan. We won't back away from the position where we believe that that's the case with respect to the opposition infrastructure plan.

I will also say that one of the other issues that was very important to us in this budget was to ensure that while we did have to make tough choices – it's very easy to sort of throw out the line: well, you have to reprioritize your spending. Part of what that would suggest, Mr. Chair, is that if you were in fact going to invest \$4 billion in capital plans in this budget, that would lead to a corresponding \$4 billion cut in services, and we don't think that's acceptable. We don't think it's acceptable that we would make that sort of an impact with respect to Albertans' quality of life when we don't have to. We are able to make these choices to put in place a sensible plan for long-term infrastructure growth and continue to provide services to Albertans.

These characterizations with respect to early childhood development are ridiculous. As I sit and listen to the wording that this hon. member has quoted, I very clearly see that an ongoing investment in Education, over \$36 million in this budget for early childhood development, can easily include all-day kindergarten as well as options for parents who may not choose to put their kids in all-day kindergarten. But to somehow suggest that this is not something that's seeing action in this budget I find slightly ridiculous.

I would also say, Mr. Chair, that the work that we've brought forward around groups like this, the introduction of legislative committees, in the Alberta Legislature has been a profound change. I actually know when we first introduced the concept that even though it's part of parliamentary tradition, it hasn't been part of the tradition of the Alberta Legislature to have all-party

committees with co-chairs from opposition parties such as your co-chair sitting at the front of the room right now to be able to bring forward legislation that isn't necessarily government legislation, to interview witnesses, to be part of the public policy process. It is fundamental, we think, to changing the way that legislative committees work.

We're proud of our caucus system. We're proud of the legislative system. Very often with change once the change comes and it makes sense, people forget what it used to be like before. All-party legislative committees are fundamental to the parliamentary process just as ensuring that we have good, solid debate in the Legislature is. We want to make sure that that change is reflected as something that we think is a true advancement with respect to the democratic process in the Legislature.

Thank you.

**The Chair:** Thank you, Premier.

Ms Olesen.

**Ms Olesen:** Thank you. I'm really excited about how we talk about organizational transformation and public-sector renewal. I was encouraged to hear you speak about empowering staff, allowing them to be able to be bold and make change. It's a cultural change, and sometimes it can be very hard.

Now, some of the tools that we've implemented to help this change. The internal audit is one of the tools, the Child and Youth Advocate as an independent body, the Auditor General being able to do some of their own investigations, whistle-blower legislation. These are all ways that we can look at doing this transformation. I guess my question would be: in the face of these fiscal challenges and pressures is now really the right time to look at these organizational shifts? It's about a comfort level as well for staff and the people who work really, really hard in our lives and in their lives to make our communities and our province the best they can be. How will these changes impact them in their day-to-day operations of their jobs?

Have we considered things such as – I know when I was with the county, we did nonmonetary compensation, and it was a way to make the quality of life at the workplace better for staff. There was in-house training that wasn't expensive; it's not all about money. Those were some of the things we looked at. We did some job trades at a professional level. We had operations managers trade places with water and sewer. There were all kinds of really creative things that we did, and they were really happy to do it. It was about a healthy workplace environment.

I guess as we look down the road, too, corporate culture change takes a really long time, and I know each term is four years. I know sometimes when you talk about corporate culture change, it takes 10 years. I guess maybe cutting that in half, what would you see it looking like in about five years? What would be some of the ideas that you would see, and how would it look different?

I guess the big, overall umbrella is: what does reaching our full potential look like? I guess that would mean as far as staff, the province, the government: all of these different things. If you could give me some of your ideas on that, I'd like to hear.

**Ms Redford:** Thank you. I reflect often on that word, "change." You know, very often when you're trying to introduce change, you will hear from various quarters: well, that's all fine, but that's not the way we did it before. We hear in political dialogue that it was better to do things the way we used to do them than the way we'd like to do them in the future. We certainly even find that in our own caucus, as you know.

It's always hard to bring forward new ideas and new perspectives, and we certainly, frankly, find that in the public service. I think the reason for that is that it's human nature. I mean, even when we talk to people in our constituencies about bold new ideas, they find themselves that in their own lives, if they're trying to introduce change, it's not always an easy thing. You're right. In difficult fiscal times that sometimes makes it more challenging.

But we have really taken the approach, since I became Premier, of really respecting the fact that we have a public service that, as you said, is committed to providing services to Albertans. There are people in our public service who live in our constituencies who get up every day and go to work, and when they leave work at the end of the day, they want to feel good about what they accomplished. They don't want to be sitting at a desk following a set of rules that they haven't helped to build, that don't seem to make a lot of sense, that don't reflect Alberta in 2013, and then go home and make supper and cut the grass and come back to work and do the same thing the next day.

For us it's been really important to put in place thoughtful processes, some of which you've already referred to such as job trades and that sort of thing, that allow people not only to have a different experience but then to have a different perspective when they go back to their original positions and perhaps come up with better solutions.

You know, we think that it's very important to reduce the overall size of management in the public service because we think there are many people in the public service, as I said, who can take responsibility for making many of the decisions that need to be made, very often closer to the front line. In fact, if we look at management generally, it's a more conventional approach to how we organize systems to somehow presume that people need to be only at the senior level in order to make some of those decisions.

There's a very good Harvard business case model. They have a plan where front-line workers can make decisions that would change policy. They write a memo to their immediate supervisor, and if their immediate supervisor hasn't gotten back to them in 30 days to tell them why they shouldn't do it, then they have permission to make that change. It works that way throughout the system. We're starting to implement those sorts of approaches in the public service because we want to make sure that people are empowered, and that's going to be really important in order to attract people and to retain people in the public service.

**8:50**

Over the next five years one of the things that I am very hopeful for – and we're already starting to see it, and I'm quite excited by it – is to be able to attract young people back to the public service as opposed to the private sector because of the opportunity to engage in policy development, to be able to see the chance to think about ideas that they've learned about through their academic training, and then come to government and implement those ideas. They may be people that have been thinking about particular sectors. They may be people that are thinking about particular systems. They may be passionate Albertans, or they could be new Albertans. They're people that are giving the public sector an opportunity because they think there is opportunity for change in the environment and also in the political structures that allow for that to happen. From our perspective in the long term it's going to be important for us to be able to do that.

The other piece that is important – and it's part of how we've challenged ourselves in government – is the results-based budgeting process, where we've said: does this make sense anymore? Even though we've been delivering a program for 20 years or 30 years, does it still make sense to deliver that program? If we're

trying to achieve an outcome, is that the outcome that we want to get to? Is that still the goal that we need to meet? To actually go back to what that outcome should be, then whether we're delivering that service in the most appropriate way and then whether or not we're doing it in the most cost-effective way is where we can continue to move with results-based budgeting.

We've put in place challenge panels that are made up of business leaders, community stakeholders, people that represent the not-for-profits who are coming forward as part of committees, understanding this approach and challenging our own public servants to ensure, again, that we're not doing things the way that we used to just because that's the way that we've always done them.

We think that that's what Albertans are demanding. They want new approaches, new ideas, and they want to make sure that we're being responsive. They want to make sure we're using technology, that we're building on social media, that we're understanding that in a province where we have both rural and urban communities, we can connect through that technology.

Thank you.

**The Chair:** Thank you, Premier.

Mr. Donovan, five minutes.

**Mr. Donovan:** Thank you, Mr. Chairman. I probably won't be that long. I just have a couple of things.

Now, your Member for Calgary-Hawkwood – I wasn't going to get into this – did blow a little smoke about the doctors and the AMA agreement and that, so I thought it would be kind of fair game. My question is about rural doctor retention. How are we going to help my rural hospitals and clinics, especially in Little Bow, for instance, to get doctors to stay out there? What kind of plan do you have there? Right now in Calgary walk-in clinics are putting through 80 to 100 people a clinic, and they get paid per capita that goes through. We purely don't have those numbers in rural Alberta that can get to there, so we need to come up with a better system that'll keep rural hospitals and clinics attainable because if we're going to make a better Alberta, we need to have that as an option. That's the main one that I have.

I think I can share my five minutes, can I, Mr. Chair? No? All right, then I'll just continue talking about great things in this province.

First, I mean, I'll commend you for the family travel part. I think that is good to see. Some of your ministers or past ministers might have wanted to see that little memo beforehand, but that is what it is, and it's done now, so we can move from that.

One of the big things is that we just got a 1,200-page FOIP back from the Carmangay situation. It's been dialed in that there were quite a few things that maybe didn't happen that should have happened. Communication was one of them. I think it's like everything else. It all takes time to roll with that, how we're going to do it. One of the things we can look forward to on that is maybe not closing those facilities again – I think we need them – and making sure it doesn't happen again. I think that was seen in that, but it goes back to open communication. I think that's something that was campaigned on, and I'd hope that through your leadership you could make sure that happens a little more often.

I'll just leave it at that, so you can answer there.

**Ms Redford:** Thank you very much. I think that's a very important question with respect to doctor compensation and the fact that we do have some programs in place already with respect to things like the rural physician action plan, some of the scholarship support that we have for residents through the

University of Alberta and the University of Calgary to ensure that residents are able to spend time in rural communities and build those relationships and hopefully stay in those communities.

The other thing that's been very important – and it's actually part of the AMA agreement, which is going to be fundamental with respect to both primary care networks and family care clinics – is that we've seen a model in the past where we've tried to encourage multidisciplinary teams through approaches like primary care networks to be very active in rural communities. Many of them have been very successful. We think family care clinics are also important to that. The fundamental connection between the two is that we've seen primary care networks that have worked very effectively in rural areas that have been trying to find ways to jump through administrative hoops, as you said, because they continue to be paid on a patient-by-patient basis.

We think it's important to work with the AMA – and it's part of the agreement that we signed today – to find ways to structure physician compensation so that you can see physicians in rural areas able to have a very impactful and successful career, profession, and livelihood, so that perhaps they may make that choice to stay in a rural community and not move to an urban community because there's only one model for paying physicians. That's something that family physicians have been quite vocal about, have done a lot of work with Fred Horne on. I think we're going to see some great successes there because we are able now, as we've been advocating for for some time, to put in place different compensation models that allow physicians to work in a multidisciplinary approach with other health care professionals and still be compensated even though it's not perhaps the doctor that's seeing the patient.

You know, very often the other challenge in rural communities is that you see physicians who are overworked because the only way that they can be paid is if they as the doctor see the patient. We know very well that there are very strong, successful models in places like Taber, in Milk River, where we have incredibly competent nurse practitioners and registered nurses that are working in partnership teams with doctors and able to do a lot of the work so that doctors can have both a quality of life and an income that allows them to stay in rural communities. So the AMA agreement today is very important for that.

We are very passionate about ensuring that no matter where a senior citizen lives in this province, long-term care is available, and we want to make sure that it's the best long-term care that can be available in the community that they live in. We think it's important because of that to put in place structures that allow a person to age in place and to make sure that we're providing a safe and a quality health care environment to allow them to do that. That is our goal. It's fundamental, we think, to the respect that we need to have for Alberta seniors.

As we move forward, I think that it's very important for us – and it's a commitment that we've made as a government, and our Minister of Health has been very committed to this – to ensure that we're dialoguing with communities so that they understand exactly why the programs are being developed. Some of those systems will be developed through municipal government. Some of them will be developed by private-sector delivery models. Some of them will be developed by Alberta Health Services.

We see an ability to have a number of services provided in very short order at a number of facilities available that are going to provide more effective long-term care for patients. It's going to be, in my mind, transformative in terms of the way that families can make choices with respect to the quality of life that Alberta seniors will have. So as we move forward, we will continue to ensure that Alberta Health Services lives up to the commitment

that we think they need to make to administer these programs effectively.

You know, it's very unfortunate when families feel vulnerable in any way. I'm not going to minimize that fact. I think it's very important for us to be consulting and to be working with people to ensure that we have respect for families because, of course, change is important. Change is important to be discussed in a way that people understand not just what the change is but why it's happening and what the concerns might be.

As we move forward, I think it's a very valid point that you make with respect to always striving to improve the system, and I would certainly say that that's possible and that there is no doubt that in some circumstances, as with many things in government, we can see better opportunities for success. We'll continue to make sure that we ask people to strive to do better because fundamentally that's the only way that we can bring change about. There's no sense looking 20 years back, but we can make change now that's comfortable for people.

**The Chair:** Thank you very much, Premier.

**Ms Redford:** Thank you.

**The Chair:** Now we have two minutes left.

Mr. Bhardwaj.

**Mr. Bhardwaj:** Okay. Thank you very much. I'll go one minute, and I'll leave one minute for the Premier to comment.

Premier, thank you very much. Given the current state of our economy it's more important now than ever before – and I know you talk about this – to get the real Alberta story out there, to tell it to the other provinces, to tell it to the national audience, and to tell it to the international audience. But when I'm looking at Budget 2013-14, there is absolutely no dedicated budget to promote Alberta nationally and internationally. My question would be: what is being done to get our message out to the rest of the world?

9:00

Your visits to Washington were extremely valuable. When I talked to my constituents, you got kudos for doing a good job on

that front, to expand the markets as well as promoting the national energy strategy. Could you comment on that, please?

**Ms Redford:** Well, thanks for the question. I will be quick. The first thing I would say is that this is such an important piece of work that we do in government that, from our perspective, it doesn't need to be something that is segregated or put in a silo. We think it's important for every minister that's involved in telling Alberta's story to be able to do that. We think it's important, frankly, for all MLAs to be able to talk about what Alberta's values are and why we are so committed to environmental sustainability and economic development.

It's very unfortunate, from my perspective, when we hear opposition MLAs that do less than that, because we don't think that that's good for Alberta. It's important for us to say that we understand that climate change matters. It's important for us to be able to say that we're committed to ensuring that it's possible to have a national dialogue. We'll continue to travel not just to open new markets but to make sure that we're talking to decision-makers in Ottawa, in other provinces, in Washington, and in other capitals with respect to things like the fuel quality directive in Europe so that we understand exactly where we need to talk to people about Alberta's story.

**The Chair:** Thank you very much, Premier. I'd like to thank you, Premier, and thank your staff and all the members who participated for these two incredible hours.

Ladies and gentlemen, I apologize for the interruption, but I must advise the committee that the time allotted for this item of business has concluded.

I would like to remind committee members that the next two meetings scheduled for the Standing Committee on Alberta's Economic Future are this Wednesday from 8 a.m. to 10 a.m. to consider the estimates of the Ministry of International and Inter-governmental Relations and on Monday, April 22, from 7 p.m. to 9 p.m. to consider budget estimates for the Ministry of Agriculture and Rural Development.

Thank you, everyone. This meeting is adjourned.

[The committee adjourned at 9:02 p.m.]





