



Legislative Assembly of Alberta

The 29th Legislature  
First Session

Standing Committee  
on  
Alberta's Economic Future

Ministry of Infrastructure  
Consideration of Main Estimates

Wednesday, November 4, 2015  
3:30 p.m.

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**Legislative Assembly of Alberta  
The 29th Legislature  
First Session**

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

Miranda, Ricardo, Calgary-Cross (ND), Chair  
Schneider, David A., Little Bow (W), Deputy Chair  
  
Anderson, Shaye, Leduc-Beaumont (ND)  
Bhullar, Manmeet Singh, Calgary-Greenway (PC)\*  
Carson, Jonathon, Edmonton-Meadowlark (ND)  
Connolly, Michael R.D., Calgary-Hawkwood (ND)  
Coolahan, Craig, Calgary-Klein (ND)  
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Hanson, David B., Lac La Biche-St. Paul-Two Hills (W)  
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Jansen, Sandra, Calgary-North West (PC)  
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\* substitution for Sandra Jansen

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**Also in Attendance**

Malkinson, Brian, Calgary-Currie (ND)  
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## **Standing Committee on Alberta's Economic Future**

### **Participants**

#### Ministry of Infrastructure

Hon. Brian Mason, Minister

Dave Bentley, Assistant Deputy Minister, Properties

Barry Day, Deputy Minister

Faye McCann, Executive Director and Senior Financial Officer, Finance

Andrew Sharman, Assistant Deputy Minister, Health and Government Facilities



3:30 p.m.

Wednesday, November 4, 2015

[Miranda in the chair]

**Ministry of Infrastructure  
Consideration of Main Estimates**

**The Chair:** Hello. I would like to call the meeting to order and welcome everyone. The committee has under consideration the estimates of the Ministry of Infrastructure for the fiscal year ending March 31, 2016.

I would ask that we go around the table and introduce ourselves for the record. Minister, when we get to your end of the table, please introduce your staff as well. Thank you. Starting from this side.

**Mr. Hanson:** David Hanson, MLA for Lac La Biche-St. Paul-Two Hills.

**Mr. Schneider:** Dave Schneider, Little Bow.

**Mr. Taylor:** Wes Taylor, MLA, Battle River-Wainwright.

**Mr. Hunter:** Grant Hunter, Cardston-Taber-Warner.

**Mr. Bhullar:** Manmeet Bhullar, Calgary-Greenway.

**Mr. Drysdale:** Wayne Drysdale, Grande Prairie-Wapiti.

**Mr. Mason:** Brian Mason, minister.

If it's all right, Mr. Chair, I'll introduce my staff when I begin my speech because everybody's name is written in my speaking notes. I hope you don't mind.

**Mr. Piquette:** Colin Piquette, Athabasca-Sturgeon-Redwater.

**Mr. Dach:** Lorne Dach, MLA for Edmonton-McClung.

**Mr. Carson:** Jon Carson, Edmonton-Meadowlark.

**Mrs. Schreiner:** Kim Schreiner, MLA, Red Deer-North.

**Ms Fitzpatrick:** Maria Fitzpatrick, MLA, Lethbridge-East.

**Mr. Coolahan:** Craig Coolahan, MLA, Calgary-Klein.

**Mr. S. Anderson:** Shaye Anderson, MLA, Leduc-Beaumont.

**Mr. Connolly:** Michael Connolly, MLA, Calgary-Hawkwood.

**Mr. Malkinson:** Brian Malkinson, MLA, Calgary-Currie.

**Dr. Turner:** Bob Turner, MLA, Edmonton-Whitemud.

**Mrs. Dacyshyn:** Corinne Dacyshyn, committee clerk.

**The Chair:** I'm Ricardo Miranda, MLA for Calgary-Cross and the chair.

Also, I would like to make a note for the record that Mr. Bhullar is in place for Ms Jansen and Mr. Drysdale is in place for Mr. Gotfried. Thank you.

Please note that the microphones are operated by *Hansard*. We ask that BlackBerrys, iPhones, et cetera, be turned off or set to silent or vibrate and not placed on the table as they interfere with the audiofeed.

Before we proceed further, I need to quickly address a few matters. First of all, I would like to remind everyone that although our meetings regarding the main estimates are structured differently from other committee meetings, the same consideration for

decorum as far as matters such as dress code, directing the flow of debate through the chair, and so forth should be respected. If you have any questions about this, please consult the October 29 memo from the Speaker to all members of the Assembly.

Finally, I would also like to address the matter of taking a brief recess near the midpoint of these main estimates meetings. As this matter has been raised twice already, I have researched the matter myself and consulted with others on how to proceed. The practice used in the past has been for a break to be called while the meeting clock continues to run and that the break happens with the consensus of the committee. However, this year members have expressed concern about the established practice, and there has been some variation in practice among the three legislative policy committees.

As you know, the start times and the end times of these meetings are specified in the standing orders, which leaves us with two options. One is to meet as scheduled for the three hours with no recess. The second option would be to have a brief recess near the midpoint of the meeting with the consensus of the committee, but the meeting clock will continue to run.

Do we have an understanding, then?

**Mr. Taylor:** I have a question. Isn't there a third option, that the clock will stop during the time we have a recess? Instead, you know, it could be 6:35 or 6:40 if we take longer during the break time.

**The Chair:** That is actually the reason why I've raised the point. I know that that has been done. The first day, when the question was raised in the first place, the ruling that I gave was that based on past practice, the clock would not stop and, in fact, we would only get the three hours as specified in the standing orders. That would be the ruling that I would have today. I guess I'm having the discussion now rather than halfway through.

**Mr. Hanson:** At the last couple of meetings – I did one this morning and one yesterday – we took a break and added that time onto the end of the clock. Because we only have three hours and there are a lot of people here to ask questions, I think we should maximize taxpayers' dollars as much as we can, and if it means an extra five minutes or eight minutes at the end, so be it.

**The Chair:** I understand what you're saying. You know, we can have the discussion about what everybody else is doing and go with that. What I would revert to is that the standing orders are clear about us getting three hours for this. So far we've been having, you know, a discussion, which could go on for another 10 minutes, and we'd be eating into those three hours.

I think the most efficient way to do this is to continue with the past practice that has been there. I think I mentioned this as well, that I did go back to the record. I have all of it here if after the meeting you would like to inspect it yourself. I will rely on past practice on this issue. So I would ask if we have the consensus of the room to either continue with the three hours with no break or continue with the break but the clock not stopping. [interjection] Thank you. This is a point that I actually raised, so I believe that it will be the same practice – the same information was relayed to all the other committees – from this point forward. I guess I would like to know if we have consensus here as to whether we will have a break and have the clock continue or we will have no break.

Mr. Bhullar.

**Mr. Bhullar:** Apparently, this is a very important question.

**The Chair:** I would think so. Yeah.

**Mr. Bhullar:** I'd like to ask a question, if I may, to determine if we're going to have this five-minute break or not. We can all take breaks any time. Do you feel you need a five-minute break after the first round of questioning to perhaps use the facilities?

**Mr. Mason:** Can we just leave it up to me at the time? I'll lay off the coffee, okay?

**Mr. Bhullar:** I'm comfortable with that.

**The Chair:** Fantastic. Does it sound like we have consensus, then? Okay. Thank you very much.

Process review. Hon. members, the standing orders set out the process for consideration of the main estimates. Before we proceed with consideration of the main estimates for the Ministry of Infrastructure, 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: (a) the minister or the member of Executive Council acting on the minister's behalf may make opening comments not to exceed 10 minutes; (b) for the hour that follows, members of the Official Opposition and the minister may speak; (c) for the next 20 minutes the members of the third party, if any, and the minister may speak; (d.1) for the next 20 minutes the members of any other party represented in the Assembly or any independent members and the minister may speak; (e) for the next 20 minutes private members of the government caucus and the minister may speak; and (f) for the time remaining we will follow the same rotation just outlined to the extent possible; however, the speaking times are reduced to five minutes as set out in Standing Order 59.02(1)(c).

Members may speak more than once; however, speaking times for the first rotation are limited to 10 minutes at any one time. A minister and a member may combine their time for a total of 20 minutes. For the final rotation, with speaking times of five minutes, once again a minister and a member may combine their speaking time for a maximum total of 10 minutes. 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.

If members have any questions regarding speaking times or the rotation, please feel free to send a note or speak directly with either the chair or committee clerk about the process.

Three hours have been scheduled to consider the estimates of the Ministry of Infrastructure.

Committee members, ministers, and other members who are not committee members may participate. Ministry officials may be present, and at the direction of the minister officials from the ministry may address the committee. Members' staff may be present and, space permitting, may sit at the table or behind their members along the committee room wall. Members have priority for seating at the table at all times.

If debate is exhausted prior to three 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 6:30.

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 by the minister in the Assembly for the benefit of all members.

The vote on estimates is deferred until consideration of all ministry estimates has concluded and will occur in Committee of Supply on November 23, 2015.

If there are amendments, an 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. The vote on amendments is deferred until Committee of Supply convenes on November 23, 2015. Amendments must be in writing and approved by Parliamentary Counsel prior to the meeting at which they are to be moved. Twenty copies of amendments must be provided at the meeting for committee members and staff.

I would now like to invite the Minister of Infrastructure to begin with his opening remarks.

**3:40**

**Mr. Mason:** Thank you very much, Chair. I appreciate that. I'm pleased to present Alberta Infrastructure's estimates for 2015-16. From the ministry with me are, first of all, Barry Day, the deputy minister; Faye McCann, the senior financial officer; David Breakwell, assistant deputy minister of corporate strategies and services; as well as Dave Bentley, assistant deputy minister of properties; Brian Fedor, assistant deputy minister of learning facilities; Andrew Sharman, assistant deputy minister of health and government facilities; and Sharon Lopatka, the director of communications. We have a number of other ministry staff who are present in the gallery as well as some of the staff from my office.

Let me begin by acknowledging that we are facing very challenging times in the province of Alberta. The decline in oil prices and the resulting economic downturn has created a major shift in the province's economy and certainly in the provincial government's finances. It's also created an important opportunity to invest in the province's infrastructure because we're able to take advantage of industry capacity and low interest rates. We can create jobs and keep people working, we can bolster the economy, and we can provide the public infrastructure that Alberta families and communities need.

Alberta Infrastructure works closely with other ministries and stakeholders to ensure that we deliver on the 2015 capital plan, which, by the way, makes one of the most ambitious investments in modern, efficient infrastructure in Alberta's history. My department also maintains and manages public infrastructure across the province.

Looking at Alberta Infrastructure's 2015-16 business plan and budget, my ministry's business plan identifies two desired outcomes, which are supported by voted estimates this year that total about \$1.6 billion. The first desired outcome is: "Innovative and responsible infrastructure solutions that meet current and future provincial needs." This reflects Infrastructure's role in the planning, design, and construction of public facilities in a timely and cost-effective manner to support the delivery of government programs and services for Albertans and to do so in keeping with the province's environmental, social, and economic values. This includes working with partner ministries and stakeholders such as school boards and Alberta Health Services to ensure that families and communities have access to the modern, efficient facilities they need.

To this end Infrastructure's capital investment budget is \$1.02 billion, an increase of about \$367 million, or about 56 per cent, from the 2014-15 actual. This increase is mainly due to cash-flow adjustments on a number of capital projects to better reflect when money will be spent in the projected schedule and additional funding to address critical capital maintenance for government-owned facilities.

Of the \$1.02 billion in our capital investment budget almost \$580 million is going towards health facility capital projects and health facility maintenance and renewal. Some of these health facility

projects include the High Prairie health complex, Medicine Hat regional hospital, the Edson health care centre, Grande Prairie regional hospital, Lethbridge Chinook regional hospital, the Kaye Edmonton clinic south, and Foothills medical centre and the cancer centre, which are both in Calgary.

Infrastructure's budget allocates over \$319 million for government-owned infrastructure projects, including \$114 million for the construction of the new Royal Alberta Museum, which is expected to be completed next year. Also, of this \$319 million, \$148 million has been set aside for potential government-wide projects and programs.

Alberta Infrastructure also oversees the delivery and construction of school capital projects although the Ministry of Education holds the budget for these projects. Alberta Infrastructure is managing or overseeing the delivery of 200 school projects, providing new and modernized schools for families and communities across the province. Beginning in 2016, tens of thousands of Alberta students will benefit from these new and renewed schools for generations to come.

The second desired outcome of the ministry's business plan is: "Alberta's public infrastructure is effectively managed and environmentally sustainable." This reflects our responsibility to maintain and preserve government-owned and -leased properties in an efficient, safe, and sustainable manner. The expense budget includes funding for day-to-day operations of about 1,600 government-owned buildings, the management of leased space to meet government program needs, staffing, the operation of the Swan Hills Treatment Centre, and the floodway relocation program.

The nature of Infrastructure's business results in about 75 per cent of its total expense being made up of contractual commitments, mostly in the form of lease obligations and property management contracts. This cost structure makes short-term spending reductions difficult; however, a decrease is still reflected in our expense vote.

The budget for supporting operations is \$547 million, a decrease of about \$22 million, or 4 per cent, from the 2014-15 actual. This is mainly due to implementation of some immediate spending reductions such as reduced service levels for government-owned and -operated facilities, including the frequency of cleaning, snow removal, and landscaping services, and a one-time savings related to applying tenant-improvement allowances against rent. There are also reduced cash-flow requirements for the floodway relocation program in 2015-16.

Infrastructure has defined clear outcomes that make this province a leader in providing and managing innovative, high-quality, well-designed facilities. Through leadership, expertise, and collaboration with our stakeholders and with other ministries we provide and maintain needed public infrastructure to better support Albertans, jobs, and our economy. Concentrating on the strategic directions and ambitious investments of government's five-year capital plan and my ministry's annual budget, Alberta Infrastructure is focused on building and repairing our schools, hospitals, and other public infrastructure the Alberta way: putting Albertans back to work, supporting the province's economic growth, and ensuring that generations of Alberta families and communities have access to the public infrastructure needed most.

Thank you. I'm pleased to have presented the Alberta Infrastructure budget, and I'm pleased to take your questions. Thank you, Mr. Chair.

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

The first round goes to the Official Opposition, and I believe Mr. Schneider is the one with the questions. Please go ahead.

**Mr. Schneider:** Thank you, Mr. Chair. Everything I say will be through the chair just so that I don't have to say it every time I say something. Fair enough?

**The Chair:** Thank you.

**Mr. Schneider:** Thank you, Mr. Minister. Thank you to all of your Infrastructure staff. I'd like to say on behalf of the Official Opposition and all Albertans that we indeed appreciate the hard work that it takes to put a budget together and deliver the public buildings that are used and needed by all Albertans. Your time is certainly respected by everyone on our side.

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

**Mr. Schneider:** I'm looking at the totals of the operating expense. If I may start on page 162 of the estimates, at the top of the page, under line 1, the heading Ministry Support Services, lines 1.1 to 1.5. The numbers are up across the board in relation to this area of the Infrastructure budget in comparison to last year's actuals. The subtotal of the estimate is just over \$21 million, which is just over \$1.6 million higher than last year's actual. It's about an 8.1 per cent increase.

I'd like to start with item 1.4 if I could. There is a \$137,000 increase in human resources. The Human Resources heading represents – correct me if I'm wrong – the salaries and operating costs for human resources staff for both Infrastructure and Transportation.

**Mr. Mason:** Just Infrastructure.

**Mr. Schneider:** Just Infrastructure in this case, certainly. This increase is about 6 per cent. Is that in alignment with the bargaining unit contract, or what is that increase really about?

**Mr. Mason:** Well, it's really, actually due to the finalization of the reallocation of budgets that are associated with the latest reorganization, in 2014-15, which will ensure that the organization is designed, structured, and aligned properly to fulfill the mandate. So that's about \$137,000.

**Mr. Schneider:** Okay. Thank you.

And through the chair, of course, I'd like to look at line item 1.5. Corporate strategies and services shows just over a million-dollar increase over the 2014-15 actual. I believe this expense represents salaries and operating costs for the policy staff, the finance people, and the business plan writers. Can you explain those increases, please? They also seem to exceed bargaining unit contracts.

**Mr. Mason:** Hon. member, I'll read this part in my notes. It's a little repetitive, but I just want to explain that there's a reorganization. They've moved certain units from one part of the department here, so there are corresponding reductions in other parts. These are not increases. They're increases in this part of the budget, but it's because we moved people and money into a different section of the budget. Do you want me to go through the final . . .

3:50

**Mr. Schneider:** Well, if you don't mind, at least on that.

**Mr. Mason:** Sure. Okay. It's primarily due to the finalization of the reallocation of staff and associated budgets from other divisions within the ministry to support the 2014-15 ministry reorganization to ensure that Alberta Infrastructure is designed, structured, and

aligned properly to fulfill its mandate. Examples of the functions transferred to corporate strategies and services are capital planning, procurement, and a consolidation of IT resources.

**Mr. Schneider:** Okay. I appreciate that.

Line 1.1, the minister's office. Mr. Minister, while we're on line 1.1, I need to ask this question before I go too much further. Please understand that I bear you no malice. I think I know the answer, but I just want it for the record. Please take the question in the spirit that it's intended. It's for information purposes only.

**Mr. Mason:** Don't worry. You'll still get your road.

**Mr. Schneider:** Okay. You're running two ministries. That's understood.

**Mr. Mason:** I am.

**Mr. Schneider:** Both ministries have line items for the minister's office. I do believe you're running a combined Infrastructure and Transportation minister's office; it's all out of one office as well.

**Mr. Mason:** Yes, that's correct.

**Mr. Schneider:** The total combined increase for line 1.1 for both Infrastructure and Transportation is \$302,000. Now, I know we're talking about Infrastructure today. Albertans want to know, Mr. Minister: are you collecting a minister's salary from two portfolios?

**Mr. Mason:** I did look that up.

**Mr. Schneider:** I wondered if you would.

**Mr. Mason:** But, no. No, I just get one salary.

**Mr. Schneider:** Well, it was a question I had to ask.

Could you also tell me why your office, Mr. Minister, requires \$167,000 more over last year's actual?

**Mr. Mason:** Sure. There are a couple of main reasons. First of all, traditionally the budget of the department or departments of the Government House Leader covers the cost of staff for the House. So there's money allocated for staff for me for the running of the House as Government House Leader. I think it's two FTEs that are there.

Then there was the severance for the political staff that were let go after the change as well. After that, I think we're basically a little bit lower. There's \$160,000 for severance and vacation payout. Actually, I think we're a little bit lower than before.

**Mr. Schneider:** Okay. That was my second question: was there any severance for former PC staff?

Mr. Chairman, I yield my time to the Member for Cardston-Taber-Warner.

**The Chair:** Thank you.

**Mr. Hunter:** Thank you, Mr. Chair. I would like to bring forward an amendment and move that this amendment be accepted by the committee. I move that

the 2015-16 main estimates of the Ministry of Infrastructure be reduced for the minister's office under reference 1.1 at page 162 by \$185,000 so that the amount to be voted at page 161 for expense is \$546,446,000.

**The Chair:** Thank you. Could we please inspect the document? I guess we don't have a page right now, so I will gladly walk over.

Thank you for reading that into the record. We will keep the original and circulate the other ones for the members to inspect. For the sake of continuing if you could, please, Member, continue with your questions.

**Mr. Hunter:** Thank you, Mr. Chair. I'd like to defer now to my colleague.

**The Chair:** Thank you.

**Mr. Schneider:** Nothing is personal, Mr. Minister. You're a great guy.

**Mr. Mason:** Well, I don't know about that one.

**Mr. Schneider:** You're a great guy, but in these times we feel that your office should lead by example and hold off on spending.

Line 1.2, Mr. Minister, deputy minister's office. This line item is up \$84,000. That amounts to over 10 per cent from last year's actual. Did the deputy minister hire a new staff member like an additional FTE, or does that number refer to something else?

**Mr. Mason:** We'll get that for you in just a minute.

**Mr. Schneider:** Yeah.

**Mr. Mason:** Well, I think it's the same amount as was budgeted last year, but the actual is lower because there were some staff changes and some partial vacancies. We're budgeting the same amount. It may be less if we have staff vacancies again. But it is not an increase in the budgeted amount; it's an increase over the actual amount.

**Mr. Schneider:** Okay. Thank you.

On the same page, line 2.1, health facilities infrastructure. This item refers to employees that manage health facilities, obviously. It is well known that health infrastructure is deteriorating, and now these numbers are going down. I wonder what's happening here. We're looking at a \$3.56 million decrease from the budgeted amount last year. Do you need fewer staff and less oversight? I just wonder if you could please explain that item.

**Mr. Mason:** Well, the decrease is due to lower – I don't like the term "manpower" – staff costs related to hiring restraints and discretionary spending reductions. There's an additional \$1.5 million due to reduced infrastructure planning and reductions in discretionary spending. So it is an economization measure. The maintenance for these projects is delivered by Alberta Health Services.

**Mr. Schneider:** Line item 3 on the same page, 162, of course, capital construction program. It looks like the same thing is happening here. It's another decrease. Is it another decrease in staff? It's largely staff that run that program, I think. Are consulting engineer contracts within this portion of the budget?

**Mr. Mason:** It's a combination of moving staff to another unit and reductions in discretionary spending. There is some consulting, but it's of a technical nature. That was lower than anticipated, and that is again a decision to reduce discretionary spending.

**Mr. Schneider:** Thank you.

The new building Canada fund, a question regarding that. Line item 4, strategic partnerships office: does this office look after P3s and the capital plan and the new building Canada fund? Can you explain why this line item is up \$1.35 million, please?



**Mr. Mason:** Yeah. This has traditionally been responsible for P3s but not responsible for the capital plan.

**Mr. Schneider:** Okay.

**Mr. Mason:** The strategic partnerships office is responsible for actively driving infrastructure projects through innovative partnerships. It supports government of Alberta teams in assessing and procuring a wide range of infrastructure projects in social and economic areas, including health, education, transportation, housing, energy, water, et cetera. It fosters a business and policy environment for successful partnerships and related activities and is currently leading a number of strategic priority initiatives such as monitoring of the capital plan, audit and reporting, procurement, modernization, and the continuous exploration of unique partnership solutions.

I should say at the same time, hon. member, that I am in the process of conducting a review of the P3 model to see if it is in fact providing the benefits that it has claimed to provide, and we'll be making that information available once some decisions have been made with respect to that.

4:00

**Mr. Schneider:** I appreciate that.

Now, there is to be some money from this new building Canada fund coming to Alberta. I think it's \$940 million over 10 years. How much of that money is committed, and which provincial projects have received commitments on the building Canada fund?

**Mr. Mason:** Just give me a second to get that information for you. Okay. First of all, the federal government announced \$583 million for the southeast Calgary ring road, but that did not receive federal Treasury Board approval before the election was called, so I'm reaching out to my newly appointed colleague in Ottawa Amarjeet Sohi, whom I know very well. One of the important things that I want to discuss is what the new federal infrastructure spending looks like. What kind of programs? Will they be continuing the previous programs? Will they be replacing them? Certainly, this commitment is something I'm going to be working hard to make sure that the new government keeps. The ring road is currently fully funded in the capital plan.

In terms of the new building Canada fund the city of Edmonton has an agreement in principle for \$150 million from the federal government for the valley line LRT, and we have a matching amount in our transportation budget for that. There is a contribution agreement between the city and the federal government that still needs to be negotiated with respect to that.

**Mr. Schneider:** Okay. Thank you very much.

Now, the new building Canada fund does not just have an Alberta allocation. There are two pools of money that projects can compete for, the national infrastructure component fund and the P3 Canada fund, I believe. Is the strategic projects office, you know, line 4 of this same page, making applications for projects to these funds?

**Mr. Mason:** No.

**Mr. Schneider:** None?

**Mr. Mason:** No.

**Mr. Schneider:** So nothing for the national infrastructure component? No projects?

**Mr. Mason:** At the moment just \$25 million for the Fort McMurray airport.

**Mr. Schneider:** Okay. Anything for the P3 Canada fund?

**Mr. Mason:** No.

**Mr. Schneider:** Nothing?

**Mr. Mason:** I know that the valley line is a P3 project because they've received money from that fund.

**Mr. Schneider:** Okay. Besides that, any municipal projects that the strategic projects office has endorsed so that they can compete for funds at all?

**Mr. Mason:** There is a small communities fund, which is the other component of the federal infrastructure program, and that's administered by Municipal Affairs. Small communities are defined in that program as a hundred thousand people or less, so they're pretty big small communities.

**Mr. Schneider:** Yes. Page 45 of the fiscal plan, the 2015-18 capital plan. The capital plan details speak to \$188 million over five years for the new building Canada small communities fund. It looks like there's \$188 million, which would be \$94 million from the feds and \$94 million from Alberta. Now, when this fund was first announced, was it not a 10-year fund?

**Mr. Mason:** Sorry, hon. member. Where are you?

**Mr. Schneider:** Page 45 of the fiscal plan.

**Mr. Mason:** Okay.

**Mr. Schneider:** The 2015-18 capital plan.

**Mr. Mason:** Okay. Which line are you on?

**Mr. Schneider:** Line six from the top, new building Canada small communities fund.

**Mr. Mason:** Small communities fund. As I mentioned, that's administered by Municipal Affairs. It's in their budget.

**Mr. Schneider:** Okay. It appears in the Infrastructure budget – oh, this is the capital plan.

**Mr. Mason:** Well, it's in the capital plan, which covers, you know, capital spending across departments.

**Mr. Schneider:** Okay. So you can't answer why it's been compressed to five years?

**Mr. Mason:** A decision of the previous government.

**Mr. Schneider:** The feds say that short-line railways can apply for the building Canada small communities fund, but the operators that we have talked to act like they don't even know that the new building Canada fund, the small communities fund exist. Your government is also raising the locomotive fuel tax. Now, rural Alberta relies on both class 1 and short-line railway to move commodities to market. With a potential increase in freight rates, based on what I've just said, without malice again, does the government of Alberta have an antirailway bias?

**Mr. Mason:** No.

**Mr. Schneider:** Back to line item 4, the strategic partnerships office. I just wondered when this office got created. It seems to me that the role . . .

**Mr. Mason:** Are you back to the operating budget, hon. member?

**Mr. Schneider:** Yes, we are back to the operating budget, page 162. Sorry; I'm bouncing around here.

**Mr. Mason:** That's okay. I just need to be on the right page.

**Mr. Schneider:** Yeah. No problem. The strategic partnerships office: I just wondered when it was created. It seems like it has a role to co-ordinate among ministries at a higher level. I just wondered why it was not potentially in the Treasury Board and Finance portfolio.

**Mr. Mason:** This is all before my time, hon. member, but apparently it was with Treasury Board and then was subsequently transferred to Infrastructure.

**Mr. Schneider:** Okay. So it just got created here recently?

**The Chair:** Just to make you aware, the first 20 minutes have gone by. Thank you.

**Mr. Schneider:** Thank you.

**Mr. Mason:** Apparently, it was created in about 2006 and transferred to Infrastructure in '14.

**Mr. Schneider:** Okay. Just trying to understand the ministry.

**Mr. Mason:** Yeah.

**Mr. Schneider:** If the strategic partnerships office deals in P3s, who in the strategic partnerships office are they partnering with? Engineering design?

**Mr. Mason:** Well, we have one major P3 project that's just getting under way, and that's the southeast section of the ring road in Calgary. That's a major P3 project. There are a number that are previously approved, and they're still not complete. Yeah. The northeast portion of the Anthony Henday is also a P3. So there is still P3 work going on. I can't speak to whether or not we will be going forward with the P3s in the future, but there are existing projects under way where this office is involved.

**Mr. Schneider:** Okay. Are construction contractors involved in that same line item?

**Mr. Mason:** Construction contractors? No. This office co-ordinates P3s with proponents. They usually have a large consortium that comes together that involves finance, design, construction, and operations, often a bundle of companies that put together a proposal. We've just issued the RFP for the southeast Calgary ring road. These are very large corporations bidding on very, very large contracts that include long-term contracts for either maintenance or operation of the projects. They're generally considered long-term investments. They're sometimes bought and sold and traded on an exchange. They essentially provide a good, steady source of income over the course of the project for the maintenance or the operation, so they are essentially treated as a financial product, and they are traded because there's a guaranteed government payment.

4:10

**Mr. Schneider:** Yeah. Okay. Understood. Thank you very much.

I'd just like to switch gears a little and talk about the 2013 Alberta flooding.

**Mr. Mason:** Yes.

**Mr. Schneider:** Page 162, line item 8.2, reconstruction and accommodation. This line item is at \$9.764 million, so I guess I just would like to start with asking: is the flood work not all done yet?

**Mr. Mason:** There's an increase here of \$9.8 million from the actual to the estimate for 2015-16 primarily due to anticipated cash-flow requirements for the High River community resource centre, and there's a corresponding reduction of \$8.2 million, primarily due to project scheduling and cash-flow requirements for the same resource centre and minor repairs to hospitals in High River, Canmore, and Drumheller.

**Mr. Schneider:** Okay. Just a question because this is inside my riding and they were devastated by the same flood. Hidden Valley: does that cleanup and compensation on the Siksika Nation in my constituency have any association with this line item?

**Mr. Mason:** I think you'd find that in the operating budget, hon. member. This is a capital investment boat here.

**Mr. Schneider:** Okay.

**Mr. Mason:** Sorry. I'll just correct that. It's a DRP item, so those expenditures are found in the Municipal Affairs budget.

**Mr. Schneider:** Okay. Line 8.2 is also a fund used to compensate flooded homeowners like those in Hidden Valley, again, and along the Elbow River in Calgary. Is that line item used for that? If not, can you tell me which line item I might find it under? Is it within the Infrastructure budget?

**Mr. Mason:** Okay. Hon. member, on page 162 there is line item 8.1, the floodway relocation program, and that is in the operating expense. Page 162 is where you'd find it.

**Mr. Schneider:** Okay. Thank you, Mr. Minister.

In August 2010 a house at 220 Roxboro Road, southwest Calgary, was bought for \$1.775 million. Then along came the flood of June 2013. In July of 2014 Alberta Infrastructure bought the same house from the then owner for \$6.763 million, reportedly after the owner had stripped the house of its luxury furnishings. The city of Calgary property tax assessment for the property for 2013 was \$2.51 million. I just wondered if you could help me out here and explain how this owner was able to make a just about \$5 million capital gain in four years on a house that suffered flood damage from possibly the worst flood in the province's history.

**Mr. Mason:** When was the property purchased?

**Mr. Schneider:** In 2010.

**Mr. Mason:** We weren't there then.

**Mr. Schneider:** Oh, it was purchased in July 2014. Infrastructure did purchase it at that time.

**Mr. Mason:** Okay. It was a relatively new house. Apparently, the value is established using the 2013 tax assessment.

**Mr. Schneider:** The 2013 Calgary property tax assessment was \$2.51 million.

**Mr. Mason:** Let me get that.

**Mr. Schneider:** You bet.

**Mr. Mason:** We can maybe take some time to get this to you.

**Mr. Schneider:** Okay.

**An Hon. Member:** I have a house for sale.

**Mr. Mason:** Sorry. New sheriff in town, as the Premier said today.

**The Chair:** Minister, if you could please make that available for the Assembly as well.

**Mr. Mason:** We will. Thank you.

**Mr. Schneider:** Okay. So you'll table this to the Assembly?

**Mr. Mason:** We'll get you a more – because I'm interested, too.

**Mr. Schneider:** Okay. I appreciate that. If you'll get us the information.

**Mr. Mason:** Yeah.

**Mr. Schneider:** Okay. I thought only fair market compensation was being paid to flood victims. I know that you weren't there. I understand. I just wondered why Alberta Infrastructure would pay so much more than the tax assessment of 2013 on this house. You know, I hate to say it: was there a separate deal of some description?

**Mr. Mason:** I don't know the answer to that. You've piqued my curiosity as well, so we'll make inquiries, and we'll supply you with an answer.

**Mr. Schneider:** I'd appreciate that.

Can you advise us how much money in total was set aside and paid to individuals to purchase their properties as part of the flood compensation?

**Mr. Mason:** We don't have that total program spending, but the actual for the floodway relocation program was \$53,940,000. That's line 8.1 under the 2014-15 actual.

**Mr. Schneider:** Okay. I wonder: would you agree that the Auditor General is going to need to be looking at this entire flood compensation program?

**Mr. Mason:** I'm not sure that I would agree with that at the present time, but, you know, I certainly think there are still some questions that need to be answered.

**Mr. Schneider:** Okay. I appreciate that.

Page 163, capital payments to related parties, line item 2.1, health facilities infrastructure. Once again, this line item is up \$60.723 million. The \$491.2 million on this page does not match with the \$527 million in the capital plan on page 44. I just wondered: what is in the capital plan figure that is not being funded within this envelope?

**Mr. Mason:** What's the number in the capital plan?

**Mr. Schneider:** It's \$527 million.

**Mr. Mason:** So \$527 million.

**Mr. Schneider:** Yeah. And it's \$491.2 million, of course, on page 163 under capital payments to related parties.

**Mr. Mason:** I can tell you that there is a \$311 million decrease from the 2014-15 budget to actual, primarily due to readjusted cash flows between years for health projects such as the Grande Prairie regional hospital, the Foothills medical centre, the Medicine Hat regional hospital, the Fort McMurray residential facility-based care centre, and the Edson health care centre. There was a corresponding \$60.7 million increase from the 2014-15 actual to the 2015-16 estimate, which reflects project scheduling and cash-flow requirements for major health projects, including Medicine Hat, High Prairie, and Edson health care centres.

In addition, there is a line in the capital plan details for the medical equipment replacement and upgrade program, which is set at \$25 million per year for a five-year total of \$124 million, which is found in the Department of Health estimates.

**4:20**

**Mr. Schneider:** I'll have to assume that that answers the question about the difference between the two line items. I couldn't do the math fast enough.

Once more to page 44 of the capital plan. The Edson health care centre, the Grande Prairie regional hospital, the High Prairie health complex, Lethbridge's Chinook regional hospital, the Medicine Hat regional hospital, the Northern Lights regional health centre, and the Strathcona community hospital in Sherwood Park: now, these items seem to keep coming back on the list. I wonder why it has taken so long to get these hospitals built if not completed.

**Mr. Mason:** Maybe I'll ask one of my officials to give you a more specific answer.

**Mr. Sharman:** Thank you. We're still cleaning up the High Prairie hospital. That's scheduled to open next year. Edson is due to open next year. The Strathcona hospital is complete. There are a few IT pieces we're dealing with, and we also have a couple of other outstanding issues with vendors, so the budget hasn't been closed until we close those. Our legal team is working with that. The Grande Prairie hospital is an ongoing project which will run till 2019. Medicine Hat is due to be delivered next year. Lethbridge: we handed that main expansion over to Alberta Health Services last Friday, and we still have two years' work on impacted departments.

Generally with a facility, if it's an expansion, AHS will want to reopen pieces, will move programs in. We then go in behind, renovate the old space for the new requirements; for instance, if you look at the McCaig Tower that opened and was operational in 2011. We still have two more years' work at the Foothills because we couldn't close the emergency department down, for obvious reasons, so it's taking us about four years to do it piecemeal and gradually improve that facility to allow the hospital to still operate.

**Mr. Mason:** Did you have any follow-up questions for Andrew?

**Mr. Schneider:** According to the capital plan next year marks 11 years and we're still pouring money into the south campus hospital in Calgary.

**Mr. Sharman:** We are still following up on some postoccupancy challenges with handling, and again our legal team are involved with that. That money is just there in case of settlements. The project is effectively complete although there is some work ongoing to improve the handling system. We hope that that will be at no charge to the taxpayer, but we have to leave money in the vote for the eventualities.

**Mr. Schneider:** Okay. Thank you very much. I appreciate that.

On page 163 in the budget again, line item 2.2, health capital maintenance and renewal, there's a pretty big number here. The line item is up \$76.1 million over last year's actual. There was \$70 million budgeted last year, and we actually only spent \$10.9 million on maintenance and renewal. We're now budgeting \$87 million for maintenance and renewal this year. Did we move the money that wasn't spent last year into this year's budget? I just wonder why we didn't get the work done last year.

**Mr. Mason:** Mr. Day will answer that question.

**Mr. Schneider:** Sure.

**Mr. Day:** If I could, Alberta Health Services delivers the maintenance upgrading to their facilities. There was \$35.8 million spent in total on health facilities maintenance last year. About \$24 million of that came from Alberta Health Services, where they had a residual capital account that they drained down, and now that account has been closed. The balance of around \$11 million came from this line in the budget.

**Mr. Schneider:** Okay. Minister, let's talk about the Grande Prairie regional hospital. It was announced five Premiers ago at \$250 million – and I understand you weren't here; I get it – as a \$250 million project to be completed in 2012. Then the price tag climbed to \$520 million, and in October 2012 it was \$621.4 million. The project wouldn't open until the spring of 2017 because someone's scope changed and added more space to the design. Then your Minister of Health said that it would be a \$647.5 million project, and now the Health minister says that it will run another \$89 million up and come in around \$736.5 million and won't be completed until 2019. Seven years later it's three times the original amount that was quoted. When you wrote the capital plan, was the \$89 million over budget and the new total cost included?

**Mr. Mason:** No.

**Mr. Schneider:** Fair enough.

**Mr. Mason:** Hon. member, as part of the attempt to get this thing back towards some semblance of a budget, we re-rendered a number of items. We're hoping that those costs can be reduced, and I think that's why the full amount isn't there.

**The Chair:** We're going into the second 20 minutes.

**Mr. Mason:** Thank you.

I just wanted to talk about this because this is something that I've been discussing with my officials for a while, and it has to do with appropriate and proper project planning and making public announcements at an appropriate time, when you have enough information to get a reasonably accurate figure. All I can say is that the cost pressures were caused, I think, by a premature announcement. Well, of course, it was announced many times, as I pointed out when I was in opposition. It was announced and reannounced many times. Not to put too fine a point on it, the department was asked to design to a political announcement rather than to do the basic planning work and building the business case and so on. Building interior tender packages were initially tendered in mid-2014, with a poor response and results that exceeded projections. The electrical tender result was 73 per cent higher than budgeted, and the drywall tender was 233 per cent higher than budgeted.

We've taken a number of steps to address the budget pressures, including that the mental health space will be shelved for future development – so that's just being shelved – and the program will

remain at the existing Queen Elizabeth II hospital. Two robotic operating rooms for future development will be shelved. We're deferring renovations to the existing Queen Elizabeth II hospital, and we're undertaking document co-ordination and a redesign initiative for the building interiors to simplify the design of the building interiors and to reduce the levels of finishing. We're re-rendering the interior fit-out package in the later fall, which I already mentioned, after the redesign is complete, and that includes electrical, mechanical, and drywall.

I can also say that the existing facility in Grande Prairie in 2006 was already 25 years old and had a utilization rate of 76 per cent because not all beds were operational. That was the existing hospital. Despite its fairly low utilization the Queen Elizabeth II hospital reported chronic overcapacity and an inability to meet patient demand. This inconsistency was largely due to the inability to staff the available beds that were there.

4:30

The existing QE II hospital has approximately 40,000 square metres of space. The new hospital will add approximately 63,000 square metres of space, which will together provide over 100,000 square metres, which is about two and a half times the current capacity. Full staffing and operating costs for both hospitals will remain a significant issue. It's too big.

**Mr. Schneider:** Yeah.

**Mr. Mason:** And it's way over budget.

**Mr. Schneider:** Yeah.

**Mr. Mason:** And we're trying to address those issues.

**Mr. Schneider:** Okay. I appreciate that.

It looks like a cost-plus contract being delivered under design/bid/build. Is that correct?

**Mr. Day:** It's being built under a construction management contract, so it's not a design/build or a design/bid/build.

**Mr. Schneider:** Okay. Thank you for that.

I just wondered why it wasn't done as a design/build or, like the Calgary Courts Centre, design/build/operate, just in order to get costs under control and the project in on time.

**Mr. Mason:** Well, I think it's kind of the horse out of the barn.

**Mr. Schneider:** Yeah. Understood.

Okay. When it comes to construction projects, industry truly wants Alberta Infrastructure to be an owner and contractor of choice, but right now it could be said that Alberta Infrastructure has a reputation for being a black sheep of the industry. Industry will do other people's work before they'll even look at what Alberta Infrastructure has to offer. Now, I just wondered if you agree that Alberta Infrastructure has a serious issue with its reputation among the construction industry, and if so, have you got any plans to fix that?

**Mr. Mason:** Absolutely. I've had meetings with stakeholders over the past number of months. This issue has come up. It is being addressed by our department and by working jointly with the construction industry to make changes. We met just this morning to talk about the capital plan with the Alberta Construction Association, the Edmonton Construction Association, Merrit contractors, Progressive Contractors, building trades, the consulting engineers, and the consulting architects. We had a very good meeting this morning.

**Mr. Schneider:** Yeah.

**Mr. Mason:** This came up, and it was discussed, I think, that there's a feeling that we're making progress, and, you know, I made it clear to them that we want to become a customer of choice and that we didn't want them just to – that had been undertaken when they had lots of other work, and we don't want to get in the position where they're just doing business with us because they have no choice. We made that clear.

**Mr. Schneider:** Sure. Yes. Of course. That would be ideal.

Page 163 again, line item 1.5, corporate strategies and services. This item is up \$747,000. Can I please ask why corporate strategies and services needs \$3.953 million in capital?

**Mr. Mason:** It is to accommodate ministry information technology equipment and software development needs.

**Mr. Schneider:** So it's all IT.

**Mr. Mason:** It's IT stuff. Yeah.

**Mr. Schneider:** Okay. Page 163 again, line 3, the capital construction program. This line item is up \$152,985,000. I think, if I did my math right, that's a 52 per cent increase. Mr. Minister, if we had a prioritized sunshine list, I wouldn't be asking you. But what kinds of projects would we see inside this line item?

**Mr. Mason:** Yes, absolutely. It has to do with the scheduling requirements' cash-flow needs. It's not increasing costs of projects but just being expensed – is that the word? It's reprofiling from year to year, the budget being moved around different years, and it's for major projects. A couple of big ones are this building, the Federal building, and the Royal Alberta Museum.

**Mr. Schneider:** Okay. I just wanted to know if some of this budgeted money refers to the courthouse renewal program?

**Mr. Mason:** No. I'm getting yes and no.

**Mr. Schneider:** You're getting yes and no. Okay.

**Mr. Mason:** So maybe.

**Mr. Schneider:** Maybe.

**Mr. Mason:** In the \$319 million, which is the estimate, it includes \$10 million for courthouse renewal.

**Mr. Schneider:** Ten million dollars. Thank you.

Mr. Minister, I think you and I talked about this in the House. Just for the *Hansard* record in the committee, will we see a prioritized sunshine list after the budget is passed?

**Mr. Mason:** We are certainly working on a sunshine list, and it will be provided when we're comfortable that it's something that's useful for the public and it provides accurate information, so sometime after the budget that will be forthcoming.

**Mr. Schneider:** Sometime before Christmas?

**Mr. Mason:** I hope so. I would like to get it out.

**Mr. Schneider:** Okay. Will projects.alberta.ca be the website for making those priority infrastructure lists public?

**Mr. Mason:** Yeah. We're working on a solution for that. You know, I think we need to be very careful with the sunshine list

because I think there's an assumption that every project is ranked numerically, that there's some hidden list, that it's this, this, and this. That's an assumption that we had made as well in opposition, but it's not that simple. It's not that simple at all. When a project is approved and it goes on a ranked list – and that's the capital plan. Until that happens, they will be in various stages of assessment and so on. So that's the first piece of it.

The second piece of it, that I think is important, is that we don't want to have the opposite effect of what is intended. The intention is to have a list so that you know that the politicians aren't playing games with the projects, right? That is exactly where this came from, and I know that in some recent by-elections there was an issue in one particular case. What you don't want to have is huge, massive lobbying by different communities competing with each other.

**Mr. Schneider:** To get higher on the list.

**Mr. Mason:** This is a real risk, you know: I'm number 2, you're number 1, and somebody else is number 3. All these communities, then, are exerting massive efforts to get their hospital, to get their school, and so on. That's a real challenge for us.

We want to do this in a way that there's enough transparency that you can see that the politicians aren't playing games but you're not setting up this competition between communities because they think they're just below the line somewhere. Those are some of the challenges. I have to say that coming up with the sunshine list has been much more difficult than I thought it was.

**Mr. Schneider:** I think it's still something that Albertans are looking forward to seeing.

**Mr. Mason:** I understand that, and it's certainly something we talked about while we were in opposition as well. It's something I hope we can deliver that's in a meaningful way but doesn't have unintended consequences and doesn't mislead people into thinking that there's some hidden list that the government just isn't prepared to give them. You prioritize a school differently from a hospital from a courthouse from a road, so the complexity is there.

There has to be some role for community input as well. You don't want to reduce it to just some kind of a program where you punch in a bunch of numbers and it spits out a list and you can never change it. Communities have to have some input as to what their priorities are.

**4:40**

**Mr. Schneider:** Yes. They want to know where their project is on the list so they can plan.

**Mr. Mason:** Absolutely. Yeah.

**Mr. Schneider:** I'm going to move on if you don't mind. Page 163, line 5.4, accommodation projects: the estimate on this line item is \$26.4 million. Now, this number does not align with page 46 of the fiscal plan 2015-18, government accommodation, which shows \$23 million. I wonder if you could just help me understand the \$3.4 million difference between those two.

I could take it under advisement. If you don't mind getting it to me, I'd appreciate it. I just don't have a lot of time.

**Mr. Mason:** I understand. Carry on, then.

**Mr. Schneider:** Again page 163, item 5.4, accommodation projects: this line item is up \$15.319 million from the 2014-15 actual. That represents a 42 per cent increase. Besides the move into the Federal building what other departments might there be on the move that need offices set up?

**Mr. Mason:** That is primarily for the renovation of buildings to try and consolidate into more efficient spaces for the government, trying to, you know, make sure you don't have just a whole bunch of little offices, trying to bring it together. That involves some renovation costs.

**Mr. Schneider:** Okay. Is the accommodation projects budget usually up in an election year in order to facilitate moving MLAs around and such?

**Mr. Mason:** Well, I don't know about that. There obviously has to be changes. I will say this. I was involved in opposition in some negotiations about what our space was going to be in this building. We were negotiating on the basis of: we'd like to make sure we've got six or seven offices. They were insistent that we just got four, you know, so there is that issue. This being an older building, it is not as amenable, it's not as flexible, I think, as the Annex was, where you have the walls, and you just move them anywhere. This building has a lot more, I think, structural walls, and it's more difficult when there's a big change, and there was.

**Mr. Schneider:** Well, thank you very much for that.

Also on page 163, item 7.2, land purchases and sales. This item is up by \$17.399 million over last year's actual. It's up \$13 million over last year's budgeted amount. Land purchases are way up. Is this for all the infrastructure that you're about to build?

**Mr. Mason:** Okay. Well, first of all, there was a decrease due to land purchases that were budgeted but not completed for a number of schools, the Lois Hole provincial park, and so on, so that brought it down \$4.4 million. But then it was up \$17.4 million from actuals to the 2015 estimate, which is primarily due to the carry-over of unexpended balances from previous years. So we just brought those forward because they weren't spent.

**Mr. Schneider:** I assume it's a net number.

**Mr. Mason:** Yes.

**Mr. Schneider:** Yeah. Can you please break out for me into total sales and total purchases? Is that easy to do?

**Mr. Mason:** I don't know. Let me ask.  
We can get that to you. Yes.

**Mr. Schneider:** I appreciate that.

Line item 7.3 on page 162 and item 7.3 on page 163, Fort McMurray and area lands. This item in operational expenses is up \$367,000, and I just can't quite get my mind around why the government needs operational dollars here. Can you please explain the line item and what the increase represents?

**Mr. Mason:** Sorry. Under the capital investment?

**Mr. Schneider:** We're under operating expenses on page 162, and on 163 we're under capital investment, the same line item, 7.3.

**Mr. Mason:** Okay.

**Mr. Schneider:** The item in the operational portion of the budget is up \$367,000, and, I guess, I just wondered why there was a need for that kind of capital in that line item and what that increase represents.

**Mr. Mason:** Okay. There is on our operating expense a \$367,000 increase to the 2015-16 estimate primarily due to reallocation of

staff in support of the recent divisional reorganization to align with its mandate. This is a reallocation, again, of staff, so it nets out.

**Mr. Schneider:** Okay. I see.

**Mr. Mason:** Then on the capital side there's a \$9.6 million increase to the '15-16 estimate primarily due to cash-flow requirements for the Parsons Creek east interchange project.

**The Chair:** Thank you, Minister. We have come to the end of the first 60 minutes.

Now to turn it over to members of the third party. Mr. Bhullar, I believe you had the questions.

**Mr. Bhullar:** Thank you very much, Mr. Chair. Thank you, Minister and hard-working staff of Alberta Infrastructure. Thank you very much for being here. It's indeed a different situation, but it's a pleasure to see you all. You're all working hard, and thank you very much.

Minister, I'd like to start off by asking about the funding for school construction. The March numbers were \$3.8 billion approximately for a five-year total; you have \$3.5 billion for a five-year total. How do we anticipate building the same number of schools with \$300 million less?

**Mr. Mason:** Well, hon. member, you're right. The originally budgeted figure was \$3.9 billion, but once we began looking at the actual costs, they came in lower. The original number was too high.

**Mr. Bhullar:** Just to be clear, the budget for the school construction has been reduced by \$301 million.

**Mr. Mason:** It was reduced, hon. member, by \$366.4 million. There was a carry-over of \$50.5 million, so the net is \$315.9 million.

**Mr. Bhullar:** All right. Well, that's a fairly significant reduction.

My second question, in line with that, then, is: compared to the March numbers, your estimate is that you will be spending \$210 million more on schools in '15-16. Is that correct?

**Mr. Mason:** That is correct. Can you point me to the line item you're . . .

**Mr. Bhullar:** I'm looking at page 44 of the fiscal plan right now.

4:50

**Mr. Mason:** The fiscal plan?

**Mr. Bhullar:** Yeah.

**Mr. Mason:** Hon. member, the money was reprofiled forward to make sure that there was sufficient funding for the phase 3 schools.

**Mr. Bhullar:** That money was reprofiled forward from last year, or was it reprofiled backwards from years out?

**Ms McCann:** It was reprofiled within the five-year capital plan, and the money was moved from subsequent years forward into 2015-16 and '16-17.

**Mr. Bhullar:** Okay. To be clear here, we're looking at a total pot of approximately \$3.5 billion to build the 200 schools, \$3.55 billion to be precise.

**Mr. Mason:** That's correct.

**Mr. Bhullar:** That is over \$300 million less than what was put forth in March, which was 3.8 and some billion dollars.

**Mr. Mason:** Yeah. That's correct.

**Mr. Bhullar:** That's point number one.

Point number two is that we are now moving money forward, so within that five-year pot we're spending money sooner rather than later. Instead of spending more money in years 3, 4, 5, we're spending more of it in years 1 and 2. My question is: why would we be doing that?

**Mr. Mason:** Well, I mean, it's to move the money forward to when it's actually needed. You know, when the schools were announced, I think it was a bit rushed to get the announcement out the door, and the estimates were high, so now we've reprofiled the cash flows to match the actual project delivery and to meet the announced time frames.

**Mr. Bhullar:** Minister, that doesn't seem to be in line with the Minister of Education's assertions that the school projects are way behind schedule. If you need more of the money up front now, in years 1 and 2, then that doesn't really jibe with the fact that he's saying that the schools are way behind schedule.

**Mr. Mason:** Well, there are about a hundred school projects that are behind. You know, there's a variety of reasons for that. In some cases schools were announced where no land had been actually allocated or identified for them. There are a number of projects as well where there have been various other problems with things.

**Mr. Day:** I can assist with the answer. Thanks, Minister. The cash flows that are in the current capital plan reflect the most current estimates to finish these schools per the schedules that the Minister of Education announced a few weeks back.

**Mr. Bhullar:** I just don't see how the two things can align. In that situation, if schools are delayed, then you would need the money later, not sooner. Something there just doesn't connect for me. If a large proportion – we're not talking about a small proportion; we're talking about a very large proportion of schools . . .

**Mr. Mason:** But I think the point is, though, that the original estimates did not reflect what was actually needed. Your assumption is that the original numbers were right and now that the schools are being delayed we should need less, but in actual fact the costs profile did not conform to what the needs are. It was my understanding that based on the progress that's being made on the schools that are being constructed – and not all the schools that are behind are not under construction. I mean, that's the point. There's still work. What they've done is that they've taken a look at what the actual expenditures and costs are that are going to be required for the current state of the schools, and they have reprofiled the expenditures accordingly.

**Mr. Bhullar:** Okay. That's something that requires some further analysis for my part, but I don't think we'll be able to get to it today. If we're saying that, you know, in March we budgeted \$300 million extra to build these schools, even if you take that \$300 million out, you're still looking at over \$100 million more that'll be spent this year and in '16-17 than was forecast in March. That would lead me to conclude that the schools are actually ahead of schedule, not behind. Something there doesn't quite add up from my perspective.

With respect to timelines, Minister, would you be able to provide me with an understanding of what sort of timelines phase 1, or the

first phase of schools that was announced in 2011, was built in? How long did it take to build those schools?

**Mr. Mason:** I'll have to get back to you on that, hon. member.

**Mr. Bhullar:** Thank you, sir. I appreciate that.

I will just be more than happy to table this document myself, though, if anyone requires it. Phase 1 schools: based on a brief summary that I've been able to compile, on average it takes three years to build a school. Would you agree?

**Mr. Mason:** An elementary school?

**Mr. Bhullar:** Yup.

**Mr. Mason:** A high school is a bit longer.

**Mr. Bhullar:** A high school is a bit longer. Even middle schools are about three, give or take. Are we consistent with that?

**Mr. Mason:** I think that's fairly accurate, isn't it?

**Mr. Day:** On average that's accurate.

**Mr. Bhullar:** Okay. As an average, three years to build a school. The schools that were announced in phase 3 of our school project: what were the timelines provided for that?

**Mr. Mason:** I don't know the answer to that one.

**Mr. Day:** They were announced in the fall of 2014 with completion dates beginning in 2017 and into 2018-19.

**Mr. Bhullar:** And some in '19. So three years.

**Mr. Day:** Correct.

**Mr. Bhullar:** Okay. When we've built schools in a three-year window before, we've made phase 2 announcements saying that they're going to be ready starting in three years, and we've made phase 3 announcements saying that they're going to be ready in three years, how does that jibe with what the Minister of Education has been saying recently with respect to timing?

**Mr. Mason:** I'm sorry. I don't know what he's saying with respect to timing. Could you . . .

**Mr. Bhullar:** He's saying that the timelines we provided, starting at three years for an elementary school, were not accurate when, in fact, the province of Alberta has always been building schools within three years for an elementary school.

**Mr. Mason:** My understanding is that the timelines for completion of the schools that were established were established when those schools were announced by your government, right?

**Mr. Bhullar:** Yes.

**Mr. Mason:** And we have about half the schools that aren't going to meet those time frames.

**Mr. Bhullar:** But, sir, the time frames are still not above the three-year mark. That's the point, right?

**Mr. Mason:** Pardon me?

**Mr. Bhullar:** The timelines are still not above the three-year point. They're still around the three-year mark, and some of those timelines – and I'll go a little further now – that the government has

put out in their documents are actually two and a half years still. For some of the starter schools the government is saying that they'll be ready in two and a half years, even with a four-month delay that they feel has been caused. Is it possible to build a school within two and a half years?

5:00

**Mr. Mason:** Yeah. If everything goes according to plan and everything is in place, hon. member, if the land is there, all of those kinds of things, you can do it in, I guess, optimal conditions.

**Mr. Bhullar:** Wonderful. That's what we wanted to hear because that is, in fact, what's been done in the past and what is possible.

**Mr. Mason:** You know, some of these schools were actually announced when there was not even land identified by the school district for them. I mean, there's been a myriad of difficulties with respect to rushed announcements. I think that was a big part of the problem, to try and get the announcements out the door before the election without making sure that all of the schools are actually ready to announce. There were schools announced that shouldn't have been announced, in my view.

**Mr. Bhullar:** Such as? You can get back to me if you like on that.

**Mr. Mason:** Yeah. Well, I think one example is the school in Whitecourt, for example. That's the first one that comes to mind.

You know, I can give you some examples of why some of these delays took place.

**Mr. Bhullar:** Please.

**Mr. Mason:** For example, there was one that was delayed by a scope change, a K to 6 project that was changed from a modernization to a replacement school. There were delays involving land transfers with the division. There were delays in finalizing the scope. There were some partnership issues. Some were delayed due to the project needing redesign, a delay for a high school due to initial unavailability of service to appropriate sites. You know, there are lots of them. But I think that if the school district doesn't have an appropriate site in place and you're announcing a school, you shouldn't be.

**Mr. Bhullar:** A couple of things. My first follow-up question there would be: you would agree, then, that many of the reasons that can cause a delay on a construction project are well beyond the purview of the province of Alberta?

**Mr. Mason:** Well, I agree with that, but the question is whether or not you can foresee that these difficulties mean the announcement is premature. In many cases premature announcements were made of schools, and I have to say that that was done for the political purpose of having a nice big announcement before the election was called.

**Mr. Bhullar:** I'm going to go back to what you were saying about the sunshine list. If a school jurisdiction identifies their school as – you know, it's usually the rural school districts that don't have the sites available. The major urban ones virtually always do. There may be an unexpected site issue that comes up in Calgary, Edmonton, Red Deer, but they virtually always have their sites ready because when a subdivision goes in, they've got to leave a certain amount of land for a school.

**Mr. Mason:** I understand that, yeah.

**Mr. Bhullar:** So the major urban centres, you know, even the Fort McMurrays, Grande Prairies of the world have their sites. In a rural school district, if they identified the need for a school but they don't know when they're going to get it, would you like them to invest in purchasing a site potentially years before a school is awarded?

**Mr. Mason:** No. I think you have to co-ordinate the decisions locally in terms of acquiring land for a potential school with the planning that goes forward with the school district and also the potential for capital funding from the province. There needs to be good co-ordination. All of that should take place in a co-ordinated fashion, and the announcement should be made at an appropriate time; that is to say, when you've got your ducks in a row.

**Mr. Bhullar:** So you're saying that they should have their site before an announcement is made?

**Mr. Mason:** I think you need to be moving in a direction where you are planning with the local school district, and you need to go ahead knowing that your announcement is actually meaningful and current.

**Mr. Bhullar:** Is there not planning that takes place now with local school districts and the Department of Infrastructure and the Department of Education?

**Mr. Mason:** Yeah, of course there is.

**Mr. Bhullar:** So, then, are they not doing that? I think the only thing they're not doing . . .

**Mr. Mason:** No, no, no. Let's get this clear. It is not a lack of planning on the part of departments that needs to progress. The question is: when is the political decision to make an announcement made, and who makes it? It's not the department. That's for sure.

**Mr. Bhullar:** But that's my question. What you're saying is that you have to have your ducks in a row to make an announcement.

**Mr. Mason:** You should, yes.

**Mr. Bhullar:** Absolutely. I agree. I'm actually a big proponent of way more planning up front, and I'm a big proponent of standardized design, you know, where we actually shave down a lot of that planning and design time for schools. I'm a big proponent of that.

But when we talk about certain site issues, if a school jurisdiction says, "Our number one issue is high school X; we need a high school," and it's a rural school district for a very small community – they need a school; it's been on their list for years as the number one priority in their area – are you saying that we should require that they have the exact site ready to go when we make the announcement? And if they have to go and have that exact site ready, then will that not lead to the same problem that you were speaking about when it comes to the sunshine list, where one school district hears that the following school district is about to get a school and the other starts to lobby and say: "Well, where's my school? Where's my school?"

**Mr. Mason:** I think, you know, a school district that has a high priority school that's been on their list for a number of years should probably have a site that, if they haven't acquired it directly, they . . .

**The Chair:** Thank you, Minister. Time is up, unfortunately. Thank you.

Now we turn to the independent member, Mr. Clark.



**Mr. Clark:** The member representing the Alberta Party.

**The Chair:** Sorry.

**Mr. Clark:** That's all right. It's our first rodeo here with this particular committee.

Thank you very much. It's a pleasure to be here. Mr. Minister, I will focus my questions initially on the floodway relocation program.

**Mr. Mason:** I am not surprised, hon. member.

**Mr. Clark:** I tipped my hand the other night in Transportation, and now is my opportunity. The floodway relocation program, as you well know, is the program that moved people, I think a somewhat misguided program to selectively buy out homes in the floodway. It is creating a patchwork in those communities. I know you're very aware of that because we met on September 30. You, Mr. Day, your staff member Ms Rycroft, and I sat down and had a good, long discussion about this, so I know you're up to speed on that based on that discussion.

In that meeting on September 30 I had asked you for a list of the 17 properties, the actual addresses of the homes which were to be demolished under your department. I also asked for timing, and I asked for your department to actively consult the community on these projects. I then followed up with your office as well as Ms Rycroft on October 19, and she gave me a phone call back immediately on that day, which was appreciated, and then undertook that she would provide me with a quick response, if even a partial one, on some of my questions. Here on November 4 I've yet to have a response from your office.

My question is: are you moving ahead with the floodway relocation program demolitions in light of the very welcome announcement of the Springbank flood mitigation project? Are those demolitions moving ahead?

**Mr. Mason:** No.

**Mr. Clark:** They're not? Okay.

**Mr. Mason:** No. We received as well a letter from the mayor of Calgary with respect to this issue, so we have put a moratorium on the demolitions. I appreciated very much the chance to meet with you on this issue, and we understand that, you know, the quality of life of these neighbourhoods is affected by this. We've had, as I mentioned, conversations with the mayor, and we're committed to working with him and with local residents to find a way to the best use for this land that will strengthen the quality of life.

5:10

We did, as I say, receive a letter requesting that demolition not proceed until there was a better plan for what would be done with the lots. As a result of that request, we paused the demolition. We've had a chance to discuss this further with the mayor, and we will be working with him and local residents. So I think it was a timely heads-up, and we're going to take another look at it.

**Mr. Clark:** Good. That's very welcome. I'm very glad to hear that. Given that we have on line 8.1, page 162, \$43,938,000 . . .

**Mr. Mason:** Sorry. Slow down a bit, please. Where are you?

**Mr. Clark:** Sorry. Page 162, line 8.1, floodway relocation program, \$43,938,000. What are the implications for that budget line item given the pause here for the floodway relocation program?

**Mr. Mason:** Can I get somebody to answer that?

**Mr. Bentley:** Dave Bentley, ADM of properties division. The \$43.938 million is split into two activities. Floodway acquisition relates to the demolition of houses and reclamation of lots both in High River, a number of municipalities where homes were affected by the flood, as well as the Calgary homes as far as maintaining them and keeping the lots clear and everything like that. That's \$35.685 million. The balance of \$8.253 million is for the Wallaceville mitigation. There were a number of homes in Wallaceville in High River which were flooded, and the land has been assigned for flood mitigation in the future. We're in the process of demolishing all of those homes and then remediating that land.

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

In your conversations, Mr. Minister, with the mayor of Calgary or within your department or with other ministers have you considered reselling the properties acquired by the province as a means of, one, recouping some of the dollars spent originally on this misguided policy and, secondly, putting the neighbourhoods back together again?

**Mr. Mason:** I think those are, certainly, things that we're prepared to consider, hon. member, based on discussions with the mayor and with the community, but that consultation has not taken place. I would certainly want to indicate to you that as far as I am concerned, those options are very much on the table.

**Mr. Clark:** Good. I'm very pleased to hear that.

Again, I do appreciate you taking time to meet with me in September. I appreciate the amount of work you have on your plate, but I also would appreciate it if you could keep me informed, especially as it relates particularly to my constituency. I would also offer any assistance I can provide to you in that.

**Mr. Mason:** Thank you.

**Mr. Clark:** I will ask a question, then, about the role of the Infrastructure department in building the Springbank dry dam. I note a significant increase in the Environment capital spend, but I don't see a specific line item in Infrastructure. Is that project going to occur under Infrastructure? Does it occur under Environment or a different department?

**Mr. Mason:** As it now stands, our responsibility as a department is simply the acquisition of the land.

**Mr. Clark:** Okay. Thank you very much.

**Mr. Mason:** The construction budget is in Environment's budget estimates.

**Mr. Clark:** Thank you very much, Mr. Minister. That covers off all the questions that I wanted to ask of you as minister, so I will cede my remaining time to the rest of the group and let you get on.

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

**Mr. Clark:** Thank you very much. I appreciate it.

**The Chair:** Thank you.

I wanted to ask if we have any desire to take a five-minute break at this point or if we should continue.

**Mr. Mason:** I'm okay.

**The Chair:** Thank you.

Is that the consensus of the room? Yes? Okay.

**Mr. Hanson:** Can anybody use up his time?

**The Chair:** It goes to the next person in the rotation, but it will come back to you, so we'll get to it. Thank you.

Now we turn it over to the members of the government caucus, and I believe it was Mr. Carson.

**Mr. Carson:** Actually, Mr. Lorne Dach is going to start us out here.

**The Chair:** Thank you.  
Go ahead, Mr. Dach.

**Mr. Dach:** Thank you, Mr. Chair. Pleasure to be here and speak with the hon. minister. I wanted to, first off, say that in the first round of estimates, this one included, we've all, I think, been impressed with the level of dedication of the staff members and the incredible amount of preparation that goes into making sure the ministers look as smart as they really are when they're answering their questions.

**Mr. Mason:** Well, thank you for putting it that way. I appreciate that.

**Mr. Dach:** I'll start off with questions with respect to, I guess, the sort of philosophical underpinning of something that there are two schools of thought on, and that, really, is countercyclical investment, the whole question of investing in infrastructure during tough economic times. We know it keeps Albertans working and helps us prepare for economic recovery, but what do you say to some of the critics who think that we shouldn't be investing countercyclically at a time when we're facing an economic downturn?

**Mr. Mason:** Yeah. Well, thanks for the question, hon. member. You know, I also want to echo your comments about the dedication and work of our staff and also the amount of work that goes into the preparation of a budget. I know some of our critics were suggesting that we were deliberately holding back this budget until after the federal election when, in actual fact, we were desperately trying to get it finished when we did. It is an enormous amount of work.

With respect to countercyclical spending, as you know, we engaged David Dodge, former governor of the Bank of Canada and a senior deputy minister in the federal government, to take a look at our infrastructure spending, and we have released his report. You know, one of the criticisms he made was that previous governments have tended to make their infrastructure spending when the economy was very strong. As a result, they compete with the private sector for capital and for work, and they also pay top dollar for the infrastructure that they receive.

We would like to do that a little differently. Based on his recommendations, there is an increase of 15 per cent in the capital budget. The view is very much to try and take advantage of the fact that there's some slack in the economy. There are people in the building trades that aren't working. There are engineering companies that aren't able to keep all of their staff. There is additional capacity there that we can utilize. Secondly, prices are lower as a result, so you get more bang for your buck in terms of making a dollar go a bit farther. Thirdly, we have historically low interest rates, so if we finance some of this infrastructure for 25 or 30 years at current interest rates, we're probably making a very, very wise and prudent business decision.

Mr. Dodge also suggested that there should be some preference for infrastructure that produces an economic return either to the province as a whole or to the government. He's clearly of the opinion that that makes a lot of sense in the private sector, but it

also makes sense in the public sector. So we have and we will be prioritizing some infrastructure projects that give an economic boost, that provide, you know, infrastructure that will allow the economy to grow, particularly when the economy again picks up a little bit of steam; for example, some road projects, transit. Airports are a good example of an economic driver where you can make an investment in public infrastructure and that will drive economic growth as well. Those are the kinds of things that we're considering, and it's why we undertook to expand the capital budget over the next several years.

**5:20**

Having said that, we are not going to replace all of the investment that's been cut in the private sector, where billions upon billions of dollars as a result of very low world oil prices have either been cancelled or shelved until the price, you know, comes back up to a somewhat higher level, but we'll make a contribution. We certainly won't put everybody that may have lost their job as a result of dropping oil prices and those investment decisions that result back to work. We won't be able to put everyone, but we'll be able to put some people back to work. We'll be able to acquire infrastructure at a better price, and the interest payments that we will be making on that infrastructure will be less because of the historic low interest rates.

So I think it's a very positive thing for the province. It's very good for the economy. Well, I won't say that it's really good for the economy. It would be very helpful, you know, in these difficult economic times, I think. We will be able to go a good way towards addressing the ongoing infrastructure deficit that we have as a province.

**Mr. Dach:** Okay. Just a follow up to that. You mentioned that you were prioritizing projects, that you were deciding what to go ahead with and what not. Can you shed some light on what methodology you're using or what criteria you're using to decide upon what gets done and what's the most important to tackle right now?

**Mr. Mason:** Yeah. Well, I would say, hon. member, that part of that is the work that's around the sunshine list, trying to find the right criteria that reflects the direction of the government, the wishes of the public as expressed, to accomplish those things set out in the Dodge report, and also to provide infrastructure for the efficient provision of government services, so medical facilities, schools and so on.

I would say that in the meantime we are seeing through major infrastructure commitments made by the previous government: the ring road, LRT projects, the school construction, a number of medical facilities. I mean, these are not things that we initiated. They're good things in lots of ways. I think the previous government did do a number of things right in terms of building some of the infrastructure that was needed because the deficit from earlier years had become very critical, in my view. In the meantime we're going to continue with these projects and see them through to completion.

For example, we got a question today in question period about highway 63. There's just about 3 per cent of it that needs to be finished, and we would have finished it this fall except there's pipeline construction, so that prevents us from completing about three kilometres. Otherwise it's done. That's going to be a major economic benefit to the province, but it's also a huge safety . . .

**Mr. Dach:** Well, we also know that pipelines are a priority for this government as well.

**Mr. Mason:** Many of them are.

**Mr. Dach:** I did want to say that I'm glad to hear that we're catching up with the growing needs of the province. How are we taking into account the plurality in demographics and labour markets and business needs in making those decisions that you were just talking about?

**Mr. Mason:** I'm sorry. I'm not following that question. You lost me at plurality.

**Mr. Dach:** Are we taking a look at where, I guess, the greatest needs are in terms of labour, unemployment, and the needs of small business so that we can perhaps make up for some of the downturn losses that have taken effect as a result of the low price in oil, target some of our projects in specific places?

**Mr. Mason:** I think to a degree we can do that, hon. member. I mean, the infrastructure needs exist throughout the province, but I think we need to be careful. This infrastructure program is not designed to put everybody back to work. It's designed to get good value for infrastructure, to take advantage of surplus capacity: engineering firms, architecture firms, construction, and road workers.

Today when we met with the Construction Association, the Consulting Engineers, the Consulting Architects and so on, we also included for the first time the Building Trades of Alberta, who is a major supplier of labour for much of the work in building in this province. They had previously been excluded from these kinds of meetings, and I think they were very pleased to have been invited, and they made a valuable contribution to the discussion.

**Mr. Dach:** Sounds good. Well, the reasons I asked that previous question were plural. I wanted to give a little bit of a segue to this question because I was quite curious when other members spoke earlier about courthouses and some of the deficiencies that we have throughout the province about courthouse construction and some of the conditions of some of the courthouses in Alberta and shortages of them in some communities, like where some are actually needed but there isn't one. Period. Can you identify some of the deficiencies that we're facing with respect to courthouses in some of our Alberta communities and where, perhaps, there is a real need for a new building?

**Mr. Mason:** Yeah. Absolutely. There's \$70 million available over five years in the capital plan for courthouse renewal. I can give you the status of some projects. Phase 1 in Red Deer is under construction. Phase 2 of the courthouse in Red Deer is in design. We're working on modular court facilities, so they're in design, but there have been delays that have surfaced in a few of the projects. There's \$3 million forecast for this fiscal year, but because of those delays it's unlikely we'll spend the full amount.

In terms of the Edmonton law courts the Phase 1 project is under way to decant staff to the Brownlee Building. Now, "decant" is a term that I've learned since becoming a minister. Once I knew what it was, my department officials felt that I had, you know, sort of learned a certain amount about the job. You have to move people in stages – right? – when you're moving from one place to another, so that's what that means.

We're selecting a consultant for a courthouse in Didsbury. There are 16 courthouses in a study for phase 2. They are Airdrie, Assumption, Bonnyville, Canmore, Cochrane, Didsbury, Edmonton, Fort Vermilion, Glenevis, Hinton, Okotoks, Red Deer, Red Earth Creek, Strathmore, Wabasca-Desmarais, and Whitecourt.

The funding of the \$70 million is \$10 million in '15-16, \$10 million in '16-17, \$20 million in '17-18 and '18-19, and \$10 million again in '19-20. So that's the courthouses.

**Mr. Dach:** Thank you, Mr. Minister. Appreciate the detail on that. Mr. Chair, how much time have we left?

**The Chair:** Six minutes.

**Mr. Dach:** Okay. Thank you so much.

I'll continue on a little bit of a different track before yielding to MLA Carson. Mr. Minister, I'll maybe change tack a little bit. Your ministry's business plan on page 68 emphasizes that buildings should be designed, built, and managed in an environmentally friendly manner. I appreciate the government's stance on environmental stewardship as I think we all strongly believe, at least on this side of the House, that it will diversify our economy and reduce our dependence on a single commodity. As the effects of climate change become more apparent each year, it is imperative that we take appropriate action now so that disasters like these can be mitigated. Whether it's investments in public transportation or municipalities, we've got to do it now. So my question to you is: are you actually planning to incorporate this, to do this, and can you share a few details with us?

**Mr. Mason:** Okay. I can do that. There are 87 buildings with BEST certification, so they've received the Building Owners and Managers Association BEST certification. That reflects BEST practices for managing our buildings, so it includes things like acquiring green power, recycling fluorescent tubes, recycling batteries, paper, that sort of thing.

5:30

**Mr. Dach:** Okay. On the same page, page 68, in the business plan you mention that the ministry is committed to "supporting renewable energy technologies." Can you expand on that a little bit?

**Mr. Mason:** In the business plan under section 2.3 we are examining opportunities to align our infrastructure operations with energy-efficient technologies and BEST practices that reflect government values. By supporting renewable energy technologies, Alberta Infrastructure is reducing its greenhouse gas emissions and investing in new forms of sustainable energy that guarantee a greener future for the province. Since 2009 Alberta Infrastructure has supplied government-owned facilities with 100 per cent EcoLogo-certified electricity, and we are utilizing LEED silver status as the minimum standard for new government buildings. That's been since 2006, and we have constructed 68 buildings since then to this standard or higher.

I just wanted to point out in connection to this that the absolute cheapest kilowatt of electricity is the one you don't use, so energy reduction is the first step towards becoming energy efficient and then, of course, acquiring green power for the rest.

**Mr. Dach:** Thank you, hon. minister, and also thank you once again to your dedicated staff.

I'll yield the rest of my time to MLA Carson.

**Mr. Mason:** Thank you.

**Mr. Carson:** Thank you, MLA for Edmonton-McClung. Thank you, Mr. Chair, Minister, and all of the staff here from Alberta Infrastructure. I have a few questions here. Albertans know that after years of neglect by the previous government we're facing a massive infrastructure deficit. Municipalities are now scrambling to catch up, and the backlog of projects is creating a strain on available funding for these municipalities. Municipalities are trying to prioritize their projects to ensure that the rest of the projects are the ones that are ready to go now. A question for you, Minister: what

work is Alberta Infrastructure doing to ensure that public infrastructure meets community needs?

**Mr. Mason:** Okay. I just wanted to have the numbers handy when I answered your question because this has been a big priority for me in the development of the capital budget and the capital plan. Coming from a municipal background myself, I know the needs that exist out there to ensure that we have safe drinking water, that we have good public facilities, that we have good transportation, including transit and LRT. Certainly, we have been lobbied extensively by municipalities. In fact, I've probably met 50 or more mayors since being appointed to my two positions.

This capital plan in this budget includes commitments, new commitments, of an additional \$750 million over five years for municipal grants. The municipal sustainability initiative has a \$100 million increase, and that is basically an open capital spend by the municipalities. They can use that for whatever they need. The transit initiatives, in addition to the remaining funds in the GreenTRIP program, are \$330 million. Now, water and wastewater programs, especially in smaller communities, are a big issue, so there's been a \$170 million increase for that. CFEP, the community facility enhancement program, which supports communities, things like community leagues and that sort of thing, got a \$50 million increase. There's a strategic transportation infrastructure program, called STIP, that had been unfunded by the previous government, and there was a strong demand from rural municipalities to restore that. They have many, many bridges that are in very poor condition.

**The Chair:** Thank you, Minister. Time is up.

**Mr. Mason:** Thank you.

**The Chair:** We go now to the same rotation we followed before, but now we're going 10 minutes, five minutes each if you can. If you choose to combine them, then you would have 10 minutes.

**Mr. Schneider:** Back and forth if we could, Mr. Minister.

**Mr. Mason:** Please. Happy to do that.

**Mr. Schneider:** Thank you, Mr. Chair, and through the chair: you're still all right; you don't need a break?

**Mr. Mason:** I'm good.

**Mr. Schneider:** Okay. Page 163, item 7.3, Fort McMurray and area lands: this line item is up \$9.626 million.

**Mr. Mason:** Okay. Got it.

**Mr. Schneider:** There is \$24.254 million as the estimate. Is this money for the same land deal that we've all read about, where the government gives land to the municipality and the municipality sells the land and uses it to create infrastructure in that area?

**Mr. Mason:** No. This is for the Parsons Creek interchange.

**Mr. Schneider:** Oh, this is the Parsons Creek interchange.

Okay. Just another question while I'm at it: are we going to be opening up any land for commercial or industrial development in Fort McMurray?

**Mr. Mason:** Well, we have the Parsons Creek development that is currently under way, but as you know, there's been a significant downturn in the market in Fort McMurray, so there's a dramatically

reduced demand for housing and commercial opportunities as compared to a year or two ago.

**Mr. Schneider:** Okay. We heard that the Crown transferred land to the Fort McMurray Airport Authority but caveated it at the time, the land to be used only for a runway in the distant future. Is there any chance that the government will be lifting that caveat so that, well, the Fort McMurray Airport Authority can use a portion of the land for development?

**Mr. Mason:** I think that's the Environment and Parks department, not part of our decision.

**Mr. Schneider:** Okay. I'll yield, Mr. Chair, to the Member for Battle River-Wainwright.

**Mr. Taylor:** Thank you, Chair. Thank you, Minister. I have a couple of questions for you. Minister, on page 163, line 2, of the main estimates, if you can go there, please. AHS once upon a time had prioritized the Wainwright hospital as the province's number two on the priority list, and the facility is almost 45 years old. AHS's own records indicate that if there is another sewage backup, the place is going to be done. It's in critical infrastructure failure. Wainwright is a regional hub area for the area, offering health programs and services. Many of the smaller rural hospitals do not. Can you confirm that there are dollars in line 2 for replacement of the Wainwright hospital?

**Mr. Mason:** No. There are none in the plan for Wainwright.

**Mr. Taylor:** Okay. Thank you.

Minister, you have spending responsibility for Health capital. Can you confirm or deny that at least the engineering, design, and the land acquisition have been done on the Wainwright hospital so that the project is at least shovel ready?

**Mr. Mason:** Well, hon. member, the Alberta Health Services 2015 multiyear facility infrastructure capital submission identifies the Wainwright health centre facility replacement in a list of 24 high-priority projects. The project was also identified in AHS's previous year's capital submissions. A 2012 updated functional program defines a comprehensive mix of programs to be accommodated in the approximately 19,700 square metre Wainwright health centre replacement facility.

In January 2013 a facility condition evaluation was completed, and the Wainwright health centre was rated in fair condition. The evaluation identified a requirement for \$8 million to support maintenance projects during the next five years. AHS has identified approximately \$803,000 for maintenance projects this year and next in its three-year rolling infrastructure maintenance program plan. Over the past six years AHS has completed approximately \$329,000 worth of maintenance projects at the Wainwright centre.

5:40

Concerns related to the sanitary sewer system failures prompted the update of the original 2008 functional program. Prior to June 30, 2010, AHS had conducted some repairs to the sanitary sewer system, but there was concern that despite the repairs the sewage line may have collapsed and would cause future issues. In April 2011 AHS performed a video inspection of the sewer line, which determined that the line had debris but had not collapsed. AHS recommended that water-jet cleaning be conducted two or three times a year with regular video inspection to prevent further issues. Consequently, AHS determined that their maintenance schedule

mitigated the risk of future sewer issues. In 2011 the laundry sewer line collapsed in the long-term care centre on the same site. A permanent bypass line was installed, and it is no longer an issue.

Alberta Health included the Wainwright health centre facility replacement project in its September 12, 2015, deputy minister capital planning submission. The estimated 2014 capital cost was approximately 241 and a half million dollars.

**Mr. Taylor:** Being that it's just in a fair kind of condition, as you just mentioned, where do you think you'll be placing that on the priority list or sunshine list?

**Mr. Mason:** Well, until we've developed and finalized the criteria that are going to be used and evaluate it, I can't really answer your question.

**Mr. Taylor:** Okay.

**Mr. Mason:** I will say this, though, and I said this in the Transportation estimates as well. I've met with probably, as I mentioned, 50 mayors, you know, and their councils and their city and town managers and so on as well as with AUMA and AAMD and C at least twice, and I've received requests or proposals or suggestions or inquiries about . . .

**Mr. Taylor:** Okay. Well, thank you.

**Mr. Mason:** Okay.

**Mr. Taylor:** I was going to cede the rest of my time to Dave Hanson for Lac La Biche-St. Paul-Two Hills.

**Mr. Mason:** I just want to follow up on that because I almost was finished.

**Mr. Taylor:** Oh, I'm sorry.

**Mr. Mason:** Of all of these projects I have not seen one that was frivolous or unneeded. There are hundreds of projects – roads, waterlines, whatever the project is, upgrades to hospitals – that have been requested, and the question is: how many can you afford, and how do you decide which ones you're going to do now and which ones you're going to do later? It's the difficult part of the job. I just wanted to say that, hon. member. I didn't want to indicate to you that this project is not important, because I think it is.

**Mr. Taylor:** Okay. Thank you.

**Mr. Hanson:** Thank you, Mr. Chair and Mr. Minister. I had a little bit longer question, but I'll just go to a couple of quick, short ones as we're running out of time. There was some talk about the delayed school list, and I know you know what's coming. Why wasn't the Two Hills Mennonite school on that list? If you could answer that for me, please.

**Mr. Mason:** Why wasn't it on the list of . . .

**Mr. Hanson:** Of delayed schools, being that it's been delayed for three years and is still delayed to this day.

**Mr. Mason:** That surprises me, hon. member. We'll just check. Did you have a further question about the Mennonite school?

**Mr. Hanson:** While you're checking on that, if you would, being that we have such a substantial . . .

**Mr. Mason:** Okay. I've got the answer to that. Because it's been delayed so long, it actually was a phase 1 school. The list that we

released only covered phase 2 and 3 schools, and that's why it's not there.

**Mr. Hanson:** Okay.

**Mr. Mason:** Thanks for the question.

**Mr. Hanson:** Thank you.

Being that we have such a large, substantial amount of money in your ministry and we've talked about – again, every time I've met with you in the past six months, I've always given you the preamble that, you know, I don't hold you responsible because you're new to the position and that, and I'll use that again.

**Mr. Mason:** That'll change over time.

**Mr. Hanson:** It's coming, yeah.

Anyway, being that we have such a large ministry, can you name one project that falls under this ministry that is currently on time and on budget?

**Mr. Mason:** Oh, I would say that the vast majority of the projects are on time and on budget.

**Mr. Hanson:** Can you name one?

**Mr. Mason:** The Royal Alberta Museum would be a good example. I don't think it's fair to . . .

**Mr. Hanson:** It's just that all we hear about are all of the delays and stuff that's put off, so I'm just wondering if there is actually . . .

**Mr. Mason:** A hundred of the schools.

**Mr. Hanson:** Okay. Actually, just in reference to what you mentioned in your answer to the hon. member's question about using engineering firms that are currently not working for oil companies, I'd just like to point out that designing oil field facilities and designing schools are two totally different things.

**Mr. Mason:** I understand that, that there's not necessarily . . .

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

We now go to the members of the third party, please.

**Mr. Bhullar:** Thank you, Mr. Chair. I wouldn't mind diving into a couple of school projects and then moving on to something else. Well, actually, before I get into that, why was the projects website taken down?

**Mr. Mason:** That was taken down because we were taking a good, solid look at all of them to make sure that we have up-to-date information, and it will be restored as soon as that work is complete.

**Mr. Bhullar:** I think that was a very powerful tool by which people could see regular progress on projects, so I would very much encourage you to ensure that that is something that is continued.

Next I'd like to dive into a couple of specific schools. The Bowness high school modernization in Calgary was listed on the school delay release as being delayed due to project complexities and phasing, but the CBE's documentation says that tendered package 2 was submitted to Alberta Infrastructure in mid-April for approval to proceed to tender. According to Alberta purchasing connection the project was tendered by CBE on May 20 and closed on June 3. So why the delay? When was this tender awarded and to whom? When and how did the government decide that this project would be delayed from September 16 to January 17?

**Mr. Mason:** Okay. Those are a number of very specific questions, hon. member, and we will endeavour to get back to you and to all members of the committee with the answer to that.

**Mr. Bhullar:** Thank you, sir. I've got a couple more.

**The Chair:** Minister, if you could please make that information available to all the members of the Assembly, please, not just to the committee members.

**Mr. Mason:** Thank you.

**The Chair:** Thank you.

**Mr. Bhullar:** I'll lump them together, then, just to make it a little simpler. I'll lump the schools together. In that way, you can respond the once.

For the Evergreen school in Calgary – it's a CBE project – the first tender was too high, in February 2015. When a tender comes in too high, it's prudent to retender something, just like with one of the Health projects, and that's going to happen from time to time. But the documents were not submitted for retendering until August 2015. The school's opening date is now to be determined on the government document, but what's a bit concerning is that Tuscan school, Panorama Hills school, and Auburn Bay elementary school also had their first tenders come in too high, but the tenders were reissued by April 2015, and these schools will be finished on time. Why are those tenders, that came in too high, able to get retendered in a timely fashion to make sure the school opens on time and the others were not able to? I don't know if you have any information on that.

**Mr. Mason:** These projects, hon. member, are being managed by the Calgary board of education and not by Alberta Infrastructure, so I can't answer those questions for you.

**Mr. Bhullar:** The Calgary board of education, though, on several documents implies that permissions were sent to or approvals, obviously, were sought from Alberta Infrastructure and Alberta Education, so I'll jump to that specifically and come back to this.

Cranston middle school, West Springs/Cougar Ridge middle school, Saddle Ridge elementary school, New Brighton elementary school: I'd love to know when the tenders for these specific schools closed and when Alberta Education and Infrastructure signed off on those.

5:50

**Mr. Mason:** Okay. We should be able to get you that information.

**Mr. Bhullar:** Great. I'd just love to know when the tenders closed.

**Mr. Mason:** It's just not top of my mind right at the moment.

**Mr. Bhullar:** Fair enough. I'd just like to know when the tenders closed and when they were signed off by the department.

The next question. There are a number of schools on the list that all are on the list as delays, but there's a zero-month delay. Athabasca's Edwin Parr, Bashaw, Rundle public in Edmonton, Lethbridge west – it's a public school – Magrath public school, Foothills composite in Okotoks, the Catholic high school in Red Deer, St. Joseph school in Whitecourt: why does it say zero months for these schools?

**Mr. Mason:** Well, we'll get back to you on that as well.

**Mr. Bhullar:** Much appreciated, sir.

Maybe what I'll do is that I'll transition into some others, then. Do you know how many of the 101 delayed schools have contracts in place?

**Mr. Mason:** For construction?

**Mr. Bhullar:** Yes.

**Mr. Mason:** You were just wanting it on the schools that were delayed?

**Mr. Bhullar:** Yeah.

**Mr. Mason:** Okay. We'll have to get you that information. We have that information for the whole.

**Mr. Bhullar:** Sure. Yeah. If you could provide it for the whole.

**Mr. Mason:** Yeah. Of the total of 232 – this is as of October 1 – 28 are in planning, 54 are in design, nine have been tendered, three are at the stage where the contract is awarded but it's not yet in construction, 104 are in construction, 34 are complete, and that's all three phases.

**Mr. Bhullar:** Super. So that leaves 28 plus 54, whatever that is – I suck at math – that are still to go to tender.

**Mr. Mason:** Eighty-two.

**Mr. Bhullar:** Eighty-two to go to tender. Any ideas on when those will be going to tender?

**Mr. Mason:** We don't have the specific dates.

**Mr. Bhullar:** If they could provide us with that, that would be wonderful.

Next there are a number of schools that have zero- to five-month delays. They're part of your list of a hundred and some schools that are delayed, but their delay is just zero to five months. The reasons cited are quite – I mean, there are 22 alone that say: board-requested delay. I can cite some of them: Bashaw, Barnwell, Banff, Edwin Parr, École Notre-Dame, Evanston, Calgary Southeast high school, McKenzie, Highlands, New Brighton, Copperfield – obviously, I don't expect you to shoot off every one – Bowness, Calgary Arts Academy, Christine Meikle, and then West Springs, Cranston, Saddle Ridge, Aspen Woods. These are all schools that have a zero- to five-month delay. Now, a zero- to five-month delay can happen for a variety of reasons. One of those reasons could be turnaround times on contracts, on the approval to go to tender, and the signing of contracts. Would you know how long it took Alberta Education, Alberta Infrastructure, and the school boards to sign off on these contracts?

**Mr. Mason:** I would not know that.

**Mr. Bhullar:** Okay. If you could endeavour to provide that to members, that would be wonderful. Thank you.

The next is that there are 22 schools that have board-requested delays. I find, you know, that 22 of 101 is a fair number, but when I dig into these a little bit deeper, it seems to be that some of these have permitting issues, that some of them have site issues . . .

**The Chair:** Thank you.

I don't see any members from the other parties or an independent here, so I guess the next in the rotation would be members of the government caucus. Mr. Carson, did you have questions that you wanted to continue?

**Mr. Carson:** Yes. Thank you, Mr. Chair. Thank you again, Mr. Minister. I just wanted to go back to that last answer you gave us and say thank you for your investment to the LRT within Edmonton. The valley line is very important to my constituency, and I look forward to seeing that come together. It's important, I think, in terms of reducing emissions and as well just getting services and people across the city, so it's something that I'm very interested in. Thank you again.

Yesterday our government made an important announcement for students, the return to the STEP program, summer temporary employment. As you may know, I was a student at NAIT, two times actually, getting a diploma and later returning for an apprenticeship. I recognize that it's very important for programs like this to, you know, support people entering the workforce, whether it's for the first time or after being trained for a specific industry. I'm just wondering: how through this budget is your ministry supporting Alberta's vision to support students in Alberta?

Thank you.

**Mr. Mason:** The capital plan, hon. member, includes investments for the Lethbridge College trades and technology renewal and innovation project – now, these are in Advanced Ed, but it's part of the capital plan – the MacEwan University centre campus, the Mount Royal University library and learning centre, the NAIT centre for applied technology, the NorQuest College expansion and retrofit, the Red Deer College multiplex project, the University of Calgary Schulich School of Engineering, and the University of Lethbridge destination project. Those are the investments that are being made by the government in the capital plan towards postsecondary education at this point.

I should also indicate that there is a \$4.4 billion unallocated amount that is available for a wide range of infrastructure projects, whether it might be postsecondary schools, health care, roads, all of those priorities. That is a major portion, and that will be determined over the course of the five-year capital plan as the government consults with the public and consults with municipalities and boards of governors of institutions, school boards, and so on to determine what the needs are for the province as we move forward through the term of the government.

**Mr. Carson:** Thank you, Minister.

On another topic, I'm happy to see that this government is aspiring to improve access for services for all the people in our community. I'm just wondering: what work is being done to ensure that government-owned buildings meet the needs of persons living with disabilities?

**Mr. Mason:** Thanks very much. In government buildings it would be work to upgrade accessibility to washrooms, elevators. We've installed ramps, automatic doors, and we focused on a specific response to government employees' needs to make sure that their workplace is accessible and safe.

6:00

**Mr. Carson:** Thank you, Minister.

Another question here that's really important to my constituents. I have a lot of seniors and quite a few people with disabilities. You know, under the previous government we saw the province introduce PDD safety standards last year. Homes, condos, and duplexes owned or rented by agencies serving people with disabilities were asked to install sprinkler systems. These new housing standards imposed strict measures for families and agencies working with disabled people. We know that this is under Human Services, but I think your ministry has an important role to

play in this issue. Does the tabled budget for Infrastructure have any considerations for this issue?

**Mr. Mason:** Well, you know, it does in the sense that all the facilities that the government builds meet those standards. So I think in that case, yes, it does.

**Mr. Carson:** Okay. Thank you, Minister.

Moving on, line 1.b on page 69 of the three-year Infrastructure business plan shows an increase in performance measures for school facilities and building conditions. Can you tell us about this?

**Mr. Mason:** Thank you for the question. The ministry expects the percentage of school facilities in good condition to increase and remain steady over the next three years due to new school developments and modernizations. The targets reflect improvements to the school facilities portfolio, with a continued commitment to build and modernize Alberta schools. As the largest school capital build in Canada Alberta has, as we've just been talking about at some length with respect to the third party, 234 school projects in the planning phase, under way, or recently completed. New facilities are rated as good for 10 years, and modernizations and renovations of facilities will assist in improving the schools' rating. While this measure rests with the Infrastructure business plan, Education remains the budget for capital maintenance and renewal of schools.

**Mr. Carson:** Thank you, Minister.

Moving on to another topic, I'm wondering what your ministry is doing to support seniors – as I mentioned, there are a lot of them in my constituency – specifically, housing for seniors.

**Mr. Mason:** Well, I can tell you that, first of all, we've had the recent announcement by the Minister of Seniors with respect to the completion of some of the ASLI projects, and I want to say that we're taking a really close look at the issue. There is a variety of things. First of all – and I know this is not accommodation – there's a high priority placed by the government on dealing with long-term care, the shortage of long-term care beds. That's important, I think, for a number of reasons. First of all, by providing appropriate facilities for seniors, that frees up, you know, not only acute-care beds in hospitals but also allows people who need a higher level of care but are basically stuck in a lower level of care to move into appropriate levels of care, and that moves everything along.

There's a real need for affordable seniors' housing, which will be reflected in future planning by this government, and there's a need for affordable housing in general. All of those things are priorities for the government. There is under the Seniors budget in the capital plan \$387 million for sustainable housing renewal, both rural and urban.

**Mr. Carson:** Thank you, Minister.

Mr. Chair, how much time do I have left?

**The Chair:** A minute and 30 seconds.

**Mr. Carson:** Okay. Wonderful.

Well, thank you so much, Mr. Minister, and as well to your entire ministry staff for being here today. I really appreciate the time to chat.

I'm going to turn my time over to the MLA for Edmonton-McClung. Thank you.

**Mr. Dach:** Thank you. Mr. Chair, I did have one final question, which related to a response given by the hon. minister to one of the other members earlier today, and that had to do with the reputation of Alberta Infrastructure as a contracting partner. Hon. minister,

you mentioned that you're making progress in that relationship, in healing it, and I wondered what made the relationship sour in the first place. Why do contractors feel that the relationship has gone south, and what needs to be healed?

**Mr. Mason:** I'm going to lob that particular hot potato to my deputy minister.

**Mr. Day:** Thanks very much, Minister, and thanks for the question. The Infrastructure department was seen by industry as being slow in terms of our procurement processes and administering tenders and those sorts of things, which was probably the main area in terms of their concerns that were related to us about a year or so ago. To remedy that, we've initiated a procurement modernization project, so we're looking at all of our processes, making sure that accountability is placed appropriately in the department.

**The Chair:** Thank you, sir. Your time is up.

Now we turn it over to the members of the opposition.

**Mr. Schneider:** Thank you, Mr. Chairman. Back and forth again, Mr. Minister, if that's all right.

I just want to talk about the Swan Hills Treatment Centre for a second if I can: line item 5.2 once again on page 162, the same line item on page 163, and item 2 on page 165. Now, my addition brings the total subsidy to the treatment centre at \$24,340,000. I just wondered if I was correct on that.

**Mr. Mason:** I'm getting notes from all sides here. I think this may have been a question that was anticipated. I'm just saying. Okay. Yes, here it is. The issue: questions may be raised as to how much the Swan Hills Treatment Centre costs Alberta taxpayers.

**Mr. Schneider:** Okay. We're all on the same page.

**Mr. Mason:** The Swan Hills Treatment Centre is the only facility of its kind in Canada. I should just indicate that about a month or five weeks ago my deputy and I had a tour of the Swan Hills facility. I wanted to see it for myself. Then I met with local officials from the town and the county afterwards to discuss it because, naturally, when there's a new government and the new minister comes and looks at the Swan Hills treatment plant and it costs a lot of money to run, they get nervous.

**Mr. Schneider:** Yes, of course.

**Mr. Mason:** I wanted to meet with them and hear their views on the matter.

It's the only facility of its kind in Canada, and it plays a vital role in the treatment and disposal of hazardous waste, including high-concentration PCBs.

**Mr. Schneider:** Mr. Minister, I do understand what the facility does. I just was curious about . . .

**Mr. Mason:** Okay. I'll move on. The net cost to government in 2015-16 is \$34.2 million, and we're looking for ways to bring those costs down.

**Mr. Schneider:** Okay. I guess one of the things I was wondering about – I was actually there this summer and visited, myself, as well. I believe they're experimenting with medical waste right now.

**Mr. Mason:** They are.

**Mr. Schneider:** How well is this treatment facility doing in regard to treating medical waste?

**Mr. Mason:** One of the things I took away from my tour, hon. member, is that it can pretty much deal with anything. You know, some of the stuff they do is not very high-tech, and some of it is very high-tech, but they treat each kind of waste stream in a different way that's appropriate for the appropriate disposal of that.

**Mr. Schneider:** So no word on whether we're going to get there, whether this is going to become the way things are done at Swan Hills? Will this be part of the feed source to reduce the subsidy? I guess I'm asking so that we can see if we can reduce the subsidy on that?

**Mr. Mason:** You know, I think that in terms of the medical waste, yeah, a little bit of a contribution; it's not going to solve the problem. I think we have to accept the fact that that plant's always going to lose money, so the choice is to retain it for its benefit, which is significant. It's the only one of its type in Canada. It serves the public good. Since '87 it has disposed of 413 tonnes of hazardous waste. Will it ever make money? Will it ever break even? I don't think so.

6:10

**Mr. Schneider:** So there are no other mechanisms, as far as the Alberta government is concerned, to mandate markets for this facility to try and reduce this.

**Mr. Mason:** I think they're actively looking for additional sources of waste. Certainly, there's a potential for it to handle waste from oil field activities.

**Mr. Schneider:** Yes.

**Mr. Mason:** That's something that they're actively looking at right now.

**Mr. Schneider:** Okay. Well, you have to excuse my brain. I'm a farmer, so my math is all kind of on two sides of a ledger. We know that this is the only facility in Canada of the type, and we know that hazardous waste can't be transferred across borders to be destroyed, so if we're bringing all this type of hazardous waste to Alberta to be destroyed in this facility, I just need to know: why is there not enough being charged to wherever this hazardous waste is coming from in order to in a fiscal year make things break even or get close?

**Mr. Mason:** I think the bottom line is that they have to find the right place on the cost curve to maximize it. If you charge too much, then they won't use the plant, and they'll dispose of the waste in other ways, right? It's like almost anything. You can raise your prices, but beyond a certain point people stop buying the product.

**Mr. Schneider:** Okay. That's fair enough.

I just have one question about school boards. Did the ministry direct any school boards to ask them to delay their projects?

**Mr. Mason:** So we could blame it on the Conservatives, yeah? No, I don't think that happened. I'm sorry.

**Mr. Schneider:** Okay.

I'm going to yield to the Member for Lac La Biche-St. Paul-Two Hills if I can, Mr. Chair.

**Mr. Hanson:** Thank you, Mr. Chair. Minister, I just have a question about supervision. After projects are approved and the money is transferred over to whatever department, what's the function of your ministry to ensure that projects are proceeding, meeting budget and project milestones, and being constructed as per safety



standards and best engineering practice? Who'd be responsible for that?

**Mr. Day:** Thanks for the question. Infrastructure delivers projects on behalf of Health and Alberta Health Services. We deliver some projects on behalf of school boards where they don't have the capacity to do that. On the projects that we're delivering we're providing professional project management oversight. We also have the ability to assist school boards in their project delivery where they request that. We're also moving to a monthly reporting structure in terms of management reporting so we can track the schools' progress.

**Mr. Hanson:** That would really be helpful, for sure. I've got three projects right in my own area that have gone off the rails in the last couple of years here. With one of them there's a dispute between one of the counties that was responsible for the project and the contractor. There are 81 liens against properties, against the unlucky farmers that happen to live along that corridor, and it's really affecting their abilities to do their farming and banking. What I see is that there doesn't seem to be any accountability once the money is handed out. Like, some of these things just go sideways in a hurry. It's kind of concerning me.

**Mr. Day:** Is that a municipal project that you refer to?

**Mr. Hanson:** It's a water line, actually an EPCOR line, that's running from Edmonton out to the town of Myrnam, but it goes along highway 45. There was a problem with the contractor. They got fired by another county that was actually administering the project, and they put a lien against all the properties on that right-of-way, which affects every farm property along that road.

**Mr. Day:** Infrastructure would have no involvement in that project.

**Mr. Hanson:** Yeah, I know. It just ties into the supervision question that I'm trying to ask here, you know, in particular, the project at Two Hills that we've had issues with there. Like, are you guys getting fed the proper information, I guess is what I'm saying, when it comes to some of these projects, before they completely fall off the rails?

**Mr. Mason:** Well, I hope that we do that. I think the question that comes up is where there's interface with the political level and the administration or the ministry staff. A lot of these decisions have been made – well, there's been direction from the political level that can sometimes create problems.

**Mr. Hanson:** Just looking at the projects in my area – I mean, I'm just a small part of the province, but it just seems like we're not protecting taxpayers' dollars closely enough, and I think there's definitely room for improvement there. It would affect all the budgets, right across the board, if we can close some of those loopholes and get some of these projects finished on time and on budget.

**Mr. Mason:** I don't disagree.

**Mr. Hanson:** Actually, is there any thought to attaching performance bonuses or penalties to some of these construction projects? I know from my construction background that it's really helped in the past to make things work more effectively and give some incentive to contractors, too.

**Mr. Mason:** Well, I think there are penalties for . . .

**The Chair:** Thank you, Minister. Unfortunately, time is up.

Seeing no members from other parties or independents, we turn over to the government caucus again.

**Mr. Drysdale:** No, no.

**The Chair:** Oh, I am so sorry. Thank you. What an oversight. I apologize.

**Mr. Drysdale:** Thank you. I'm going to try and sneak in a couple of my pet projects here before I go. I had to do it.

**Mr. Bhullar:** You can't call them that anymore.

**Mr. Drysdale:** Well, they still are in my constituency. Beaverlodge hospital: I know the minister visited it probably six or seven years ago as an opposition member and in the community said that the hospital needed to be replaced and that he would do everything he could to force the government to replace it. Now he's the government. Hopefully, he listens to his own advice there. But it's been removed from the plan. There were some planning dollars put in the budget last year, and that line item has been removed. I'm assuming it's under the rural health facility design because the money was for design in Beaverlodge, and they were going to design a template for all rural health, so there's a new line on the capital plan that says rural health facility design, and there's \$3 million. Am I right in assuming that that's replaced that?

**Mr. Mason:** Yeah, you're correct, hon. member. There is money for rural health design to develop templates for a small hospital and an urgent care type of system. What we're doing is that we're putting money into the design to create two templates for urgent care and small hospitals that then can be used in other places as a way of saving costs, so that design work is in the budget. Money to actually construct these facilities is not in the budget.

**Mr. Drysdale:** Yeah. So it's basically the same. The money was for design work. It was just under Beaverlodge.

**Mr. Mason:** That's correct.

**Mr. Drysdale:** It could be used around. But it's \$3 million, and it's only in the '15-16 budget year, zero in the quote year, so I assume you're going to finish it this year. Has that design work started? It has to be finished by April now. I assume that's well started, then, the design work?

**Mr. Mason:** Yes. It is under way.

**Mr. Drysdale:** Are you consulting with any of these rural municipalities in that design, or are you just doing it in-house in the department?

**Mr. Day:** At present we're working on the program requirements with Alberta Health and Alberta Health Services.

**Mr. Drysdale:** Well, if you're doing that, I'll be surprised if you have it done by April, but I'll leave it at that.

**Mr. Mason:** As you know, we're essentially a client of Alberta Health and Education. They have responsibility overall for making those decisions. When the decision is made, we include it in the budget, and we build it for them as you well know.

**Mr. Drysdale:** I know that. That's why we took it away, gave it to Beaverlodge. Anyway, I won't go down old paths.

I'll just jump to something different here. I was glad to hear you say that this sunshine list isn't quite as simple as you thought. You know, I'll just give you some examples. Like, I know a school board that had a number one project this year, for one particular year, and all of a sudden the next year it wasn't even on their list anymore. They had a new number one project, and that one is no longer even on the list. So if you have a sunshine list, and you have a project that comes up to the top to be done and it's no longer a priority for the school board, what are you going to do? You have to build it because it's on your sunshine list.

6:20

**Mr. Mason:** Well, I wouldn't think so. If the priorities change, you have to be able to do it. I mean, the sunshine list is not something that is going to mandate and require the government to build things; it is a reflection of what the priorities are.

**Mr. Drysdale:** So something like a capital plan.

**Mr. Mason:** Yeah, a capital plan. When it's in the capital plan, the intention is to build it.

**Mr. Drysdale:** Because it was always said about that the sunshine list, once you're on there, you see where you are, you get built this time, and so on.

**Mr. Mason:** Yeah.

**Mr. Drysdale:** I think you'll find that it's not, like you've already said, quite as simple to do because priorities change from year to year. If you're going to do a sunshine list for 10 years, you're going to run yourself into trouble.

**Mr. Mason:** That's right. I think the revelation for me is, you know, that there's not some hidden list of projects that the government doesn't want to show you.

**Mr. Bhullar:** Didn't you check under the desk? They left it for you.

**Mr. Mason:** Hon. member, when I moved into your office there wasn't a single document left in there.

**Mr. Drysdale:** So there was no secret list.

Another one before I run out of time. The Fort McMurray continuing care centre.

**Mr. Mason:** Yes.

**Mr. Drysdale:** There's \$15 million in it for this year, '15-16, so the contract has been awarded, and they've started building. Am I right in assuming that?

**Mr. Mason:** That project is – yes, it is in the budget. The land is there. We've been in communication with the municipality and so on. There is some controversy as to the location, and we're taking that under advisement.

**Mr. Drysdale:** So when you have \$15 million in for '15-16, you're going to spend \$15 million before April?

**Mr. Mason:** That's the plan.

**Mr. Drysdale:** And you don't have a contract yet. Okay. That's not very far away. So to do a budget in November, now, for ending in April, if you're putting \$15 million there, it isn't realistic, but that's okay.

**Mr. Bhullar:** Minister, I've got a few more lists of schools, but I look at the staff at the back and I'm thinking: how can I do this to them? They're going to have to spend their next number of days putting this up. I will trust that yourself, the Department of Education, and your department will be very forthright with the public with respect to specific reasons for delays. I find it a bit odd that there's a heck of a lot of schools that are delayed six months and under. One can lead to many conclusions, but I won't run into that.

I'm going to shift just for a quick second. You have in this year's budget, in '15-16, \$148 million out of your new \$4.4 billion fund that you plan on spending in '15-16. Just as my colleague said, there's not a heck of a lot of time left, so how do you plan on spending that much money in '15-16 while doing the proper planning that you're talking about? Even in '16-17, which is just right around the corner, you're going to be spending almost \$1 billion, over \$800 million, in '16-17 from your \$4.4 billion fund. How are you going to do the proper planning? If that's grant money that's going towards municipalities or somebody else, are we to suppose that they've done that planning already?

**Mr. Mason:** Well, the \$148 million that's unallocated in '15-16 that you referenced, hon. member, is allocated to support the planning of projects. For example, needs assessment, developing business cases, functional plans and design, and long-term care beds are going to be a high priority for the \$4.4 billion in unallocated capital funding. That's something that we, as you know, were beating the drum on for quite some time. We see it as a key priority in terms of freeing up existing acute-care hospital beds. You know, many people are leaving jobs to care for elderly residents. So this is a piece that needs attention, and it's going to be a high priority for us.

**Mr. Bhullar:** I understand that. Long-term care beds are very important. But, I mean, that means that in '16-17, so just half a year away from now, you're going to be spending an extra almost \$1 billion that we haven't spent any time doing any planning on, right? You talk about planning. You say that you have to have that diligent planning, but you're planning on spending nearly \$1 billion very, very soon. I don't see how you're going to have the time to do that planning. I don't see how our partners are going to have the time to do that planning. The \$148 million in planning money that you have this year, in '15-16: that's going to go out the window. It'll take you months to get that out, and it'll take people a few months to get that operationalized. There's no way you're going to be able to spend that . . .

**The Chair:** Thank you, member. We've run out of time, unfortunately.

We have four minutes left.

**Mr. Carson:** Thank you, Mr. Chair. Once again, thank you to the minister. You've all been very accommodating today. I'll try and quickly get through this one. Alberta cities are struggling with the health care infrastructure deficit and delays due to, you know, a lack of previous investment. First of all, I'd like to put on the record that I'm very thankful for the money that's been put forward for at least having a conversation about what's going to happen with the Misericordia. You may have heard of it. It's located in my riding of Edmonton-Meadowlark.

A little off that topic. Moving on to the Stollery hospital, Budget 2015 does have some support investments into this world-class facility, and I would just like to say that personally this means a lot. I had a friend, when I was at NAIT, who had a Berlin Heart, that was provided to him from the Stollery. I think that every dollar put into the Stollery affords more people that opportunity to live life longer

and with a better quality of life. My question is: can the minister speak to what investments are being made to the Stollery hospital?

Thank you.

**Mr. Mason:** Yes, I can. I was very pleased to appear with the Minister of Health at the Stollery and to talk to some of the staff, some of the patients and to make the announcement with respect to what's going to be there. The Stollery children's hospital includes a renovation and expansion of the pediatric surgical site, pediatric endoscopy, and recovery areas. That is \$17,230,000 over five years as well as pretty close to \$51 million to renovate space to provide pediatric cardiovascular intensive care, pediatric intensive care, neonatal intensive care, and isolation rooms. So there's a very substantial investment at the Stollery, which I think is going to go a long way to improving outcomes for children who have serious medical issues.

**Mr. Carson:** Thank you so much, Minister.

Thank you, Mr. Chair. That is all I have for questions.

**The Chair:** Okay. We have approximately one minute left.

**Mr. Mason:** Do you want me to just wrap up?

**The Chair:** Sorry. Did you want to ask a question?

**Mr. Hunter:** Thank you, Chair. If I could just ask a question really quickly. It's actually more of a statement. As I've talked to different organizations, municipalities – you talked about the sunshine list. Their desire is to understand so that they can plan for these projects. This is why a sunshine list, from what I've heard, is so important to them. I don't think that they're actually saying: well, we didn't get it; they did. They're concerned about . . .

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

Hon. members, I must advise you, the committee, that the time allotted for this item of business has now concluded.

I would also like to add my sincere thanks for the incredible work that we've done here. I think it's been done in a very respectful way, and I personally appreciate that. I know Albertans appreciate the fact that we are doing that.

I would also like to remind committee members that we are scheduled to meet next on November 17 at 10 a.m. to consider the estimates for Executive Council.

Thank you, everyone. Have a good night.

[The committee adjourned at 6:30 p.m.]









