



Legislative Assembly of Alberta

The 29th Legislature
Second Session

Standing Committee
on
Alberta's Economic Future

Ministry of Infrastructure
Consideration of Main Estimates

Monday, May 9, 2016
7 p.m.

Transcript No. 29-2-4

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

Standing Committee on Alberta's Economic Future

Sucha, Graham, Calgary-Shaw (ND), Chair
Schneider, David A., Little Bow (W), Deputy Chair

Anderson, Shaye, Leduc-Beaumont (ND)
Carson, Jonathon, Edmonton-Meadowlark (ND)
Connolly, Michael R.D., Calgary-Hawkwood (ND)
Coolahan, Craig, Calgary-Klein (ND)
Dach, Lorne, Edmonton-McClung (ND)
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Fitzpatrick, Maria M., Lethbridge-East (ND)
Gotfried, Richard, Calgary-Fish Creek (PC)
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* substitution for Sandra Jansen

** substitution for Richard Gotfried

Also in Attendance

Clark, Greg, Calgary-Elbow (AP)

Support Staff

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|------------------------|---|
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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

Andrew Sharman, Assistant Deputy Minister, Health and Government Facilities

7 p.m.

Monday, May 9, 2016

[Mr. Sucha in the chair]

**Ministry of Infrastructure
Consideration of Main Estimates**

The Chair: Welcome, everyone. I'd like to call this 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, 2017.

I'd ask that we go around the table and have all MLAs introduce themselves for the record. I would advise ministerial staff, prior to the minister arriving, to introduce yourselves here as well. I'm Graham Sucha. I'm the MLA for Calgary-Shaw and chair of this committee.

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

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

Mr. Panda: Prasad Panda, MLA, Calgary-Foothills.

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

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

Mr. McIver: Ric McIver, MLA, Calgary-Hays.

Mr. Carson: Jon Carson, MLA for Edmonton-Meadowlark.

Mr. Piquette: Colin Piquette, MLA for Athabasca-Sturgeon-Redwater.

Mr. Dach: Lorne Dach, Edmonton-McClung.

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

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

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

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

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

The Chair: Excellent.

I do acknowledge that Mr. Brian Mason is in the room along with another one of his colleagues. Minister, if you could introduce the gentleman who's joined you in the room here.

Mr. Mason: Barry Day is my deputy minister.

The Chair: Thank you, sir.

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

Speaking times and orders. 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. The minister or the member of Executive Council acting on the minister's behalf may make opening comments not exceeding 10 minutes. For the hour that follows, members of the Official Opposition and the minister may speak. For the next 20 minutes members of the third

party, if any, and the minister may speak. For the next 20 minutes the members of any other party represented in the Assembly or any independent members and the minister may speak. For the next 20 minutes private members of the government caucus and the minister may speak. For the time remaining, we will follow the same rotation 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. Discussion should flow through the chair at all times regardless of whether or not speaking time is combined. 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 the committee clerk about the process.

Three hours have been scheduled for consideration of the main estimates of the Ministry of Infrastructure. With the concurrence of the committee I will call a five-minute break near the midpoint of the meeting; however, the three-hour clock will continue to run. Does anyone oppose having a break?

Mr. Schneider: I do, Mr. Chair.

The Chair: All right. Mr. Schneider has acknowledged the break, so we will go through the full three hours.

Committee members, ministers, and other members who are not committee members may participate; however, only a committee member or an official substitute for a committee member may introduce an amendment during a committee's review of the estimates.

Ministry officials may be present, and at the direction of the minister officials from the ministry may address the committee. Ministry staff seated in the gallery, if called upon, have access to a microphone in the gallery area. Members' staff may be present and, space permitting, may sit at the table or behind their members along the committee 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 10 p.m.

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.

Again I will remind all participants to address their questions and responses through the chair and not directly to each other.

The vote on the estimates is deferred until consideration of all ministry estimates has concluded and will occur in Committee of Supply on May 17, 2016.

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 May 17, 2016. Amendments

must be in writing and approved by Parliamentary Counsel prior to the meeting at which they are being moved. Twenty copies of amendments must be provided at the meeting for committee members and staff.

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

Mr. Mason: Thank you very much, Mr. Chairman. I'm pleased to present Alberta Infrastructure's estimates for 2016-17.

With me from the ministry are Barry Day, my deputy minister; Dave Bentley, assistant deputy minister of properties; David Breakwell, assistant deputy minister of corporate strategies and services; Roy Roth, executive director of learning facilities; Andrew Sharman, assistant deputy minister, health and government facilities; Faye McCann, our senior financial officer; and Sharon Lopatka, our director of communications. Also in the public gallery we have several other ministry representatives, including some of my staff from my office.

Alberta and Albertans continue to be impacted by the effect low oil prices have had on our economy. As such, it's important that government continues to invest significantly to enhance the province's infrastructure because when we build, renew, manage, and maintain our infrastructure, the economy gets a needed boost and we help to keep people working. Ultimately, we ensure generations of Alberta families and communities have access to the public infrastructure they rely on.

Through its Budget 2016 capital plan the government is ensuring that priority infrastructure projects move forward. It's my department's responsibility to work closely with other ministries and stakeholders to ensure we deliver on the capital plan. Of note, Alberta Infrastructure is directly responsible for overseeing the construction of health facilities and some schools as well as maintaining and managing public infrastructure across the province. Alberta Infrastructure's role in the provision of public facilities is detailed in our 2016-19 business plan and budget.

Taking a look at my ministry's business plan, two desired outcomes are supported this year by voted estimates that total nearly \$1.6 billion. Desired outcome 1, "innovative and responsible infrastructure solutions that meet current and future provincial needs," 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 families and communities have access to the modern, efficient facilities they need.

To this end, Infrastructure's capital investment budget is \$943.7 million, an increase of about \$183 million, or 24 per cent, from the 2015-16 forecast. This increase is mainly due to additional funding that has been allocated for potential capital projects across government such as future health facilities and maintenance needs and accommodation projects, including renovation and restacking of government-owned and -leased buildings.

The budget also includes funding for planned property acquisitions in 2016-17. Of the \$243.7 million in our 2016-17 capital investment budget, \$131 million is being put towards health capital maintenance and renewal while the majority funding, or \$470 million, is going towards health facility capital projects that include the Edson health care centre, the Grande Prairie regional hospital, the High Prairie health complex, the Lethbridge Chinook regional hospital, the Medicine Hat regional hospital, and the Calgary cancer centre. Also included in the capital funds budgeted for health facilities is \$100 million that has been set aside for future priority capital projects.

7:10

Infrastructure's 2016-17 budget allocates over \$138 million for government-owned facility capital projects, including \$82.4 million for the construction of the new Royal Alberta Museum, which is expected to be completed this fall.

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, and I'm pleased to note that about 50 of these school projects will open for Alberta students by September, with about another 20 opening by the end of the year.

Desired outcome 2 of the ministry's business plan is that "Alberta's public infrastructure is effectively managed and environmentally sustainable." This outcome reflects our efforts to effectively manage the province's building and land inventory by maximizing service delivery and enhancing quality of life. It's noteworthy to mention that about 75 per cent of my ministry's total expense is made up of contractual commitments mostly in the form of lease obligations and property management contracts. As such, our supporting operations budget of \$559.7 million has increased by \$37.6 million, or 7.2 per cent, from the 2015-16 forecast. This increase is due to new operation costs of spaces coming online such as the new Royal Alberta Museum in downtown Edmonton, higher cash-flow requirements for the floodway relocation program, and higher fixed costs over the short term for leased space.

Over the longer term sustainable savings will be realized by increasing densities in government facilities to allow us to give up more expensive leased space. Overall, the expense budget includes funding for day-to-day operations of about 1,600 government-owned buildings, including the Swan Hills Treatment Centre, management of leased space to meet government program needs, and staffing.

Desired outcome 2 also reflects my ministry's commitment to reducing the environmental impact of government buildings, supporting Alberta's climate leadership plan. We are always looking for ways to increase the environmental sustainability in each new project we take on or in how we manage our assets. This includes diverting waste from landfills as much as possible. For example, in recent years we have reused or recycled over \$2 million worth of office furniture and more than 14 metric tons of fluorescent lighting and batteries. I'm proud to note that 100 per cent of the electricity used to operate government buildings comes from Alberta-based renewable energy sources such as wind. This reduces an estimated 150,000 metric tons of carbon from the Alberta electricity grid every year. It's the equivalent of removing over 30,000 vehicles from Alberta roads.

Focusing on our business plan outcomes and guided by the strategic directions and investment of our government's capital plan, Alberta Infrastructure continues to concentrate its efforts on providing the public infrastructure that matters most to Albertans. As we move forward, we seek to embrace innovation, enhance processes, and ensure proper planning so that we can continue to be certain that we are doing our best work. Through leadership, expertise, and collaboration with stakeholders and other ministries Alberta Infrastructure is committed to providing and maintaining the schools, hospitals, and other public infrastructure needed to better support Albertans, jobs, and our province's economy.

Thank you very much. I'm pleased to have presented our budget, and I would be pleased to take your questions.

The Chair: Thank you, Minister.

For the hour that follows, members of the Official Opposition and the minister may speak. Would you like the timer set at 20-minute intervals?

Mr. Schneider: Sure.

The Chair: Would you like to share your time with the minister?

Mr. Schneider: Yeah. I'd like to go back and forth if it's all right with the minister.

The Chair: Okay. Please proceed.

Mr. Schneider: Thank you very much. Thank you, Minister Mason, and thank you to all of your staff. You know, I'd just like to say on behalf of the Official Opposition that we understand what it takes to put a budget together. Not that we've ever been there, but I understand it can be a lot of work. We appreciate the hard work that puts together this budget and the buildings that serve the public, and your time here is respected today.

I'd like to start on page 162 of the estimates. The totals of the operating expense for ministry support services is where I'm looking at the moment. Now, the only actuals we have at the moment are back to 2014-15, so I'll reference those but also the '15-16 forecast in the budget. Those are the actual first numbers for you guys, so those are numbers I want to reference as well.

The numbers from lines 1.1 to 1.3 and then line 1.5 inclusive are up from the '15-16 forecast, up by some \$812,000. I'll get back to those numbers in a moment, but the first question I would like to start with is on item 1.4, human resources. This item, actually, is estimated to drop by \$31,000. Now, I think this number represents the salaries and operating costs for human resources staff if I'm not mistaken. I really do like that there is a decrease in this line item, no matter how small, but can you please advise me what that discount relates to?

Mr. Mason: Just give me a second here.

Mr. Schneider: Sure.

Mr. Mason: We'll have to get back to you on that. I'm sorry.

Mr. Schneider: Sure. That's fine. If you don't mind, I'd appreciate that.

Line 1.1, the minister's office. The budget has significantly increased, going from – now, I'm going back to 2014-15 again – \$543,000 then, under the previous government; \$710,000 last year; and now up to \$755,000, estimate '16-17. Can you tell me what that \$45,000 is?

Mr. Mason: Yes. When we inherited the House leader job in addition to the two ministries, we were given a couple of staff, FTEs, but without funding, so there are two staff that support the House leader's operations, and as we have two ministries, it's been necessary. I was operating with only one ministerial assistant, and we're planning to hire another ministerial assistant and also eventually hope to hire an executive assistant as well. Those are the FTEs that we're responsible for, and I've simply felt that we were understaffed given the responsibilities of two ministries and the House leader's position.

Mr. Schneider: Okay. Thank you.

As I said a few moments ago, there are four line items that are up about \$812,000. Line item 1.1, the minister's office: we just went over that. This item is estimated at \$755,000, about a 6 per cent increase. That line item does cover off FTEs for the House leader?

Mr. Mason: There are two FTEs that come with the House leader's position, which are normally carried out of that minister's office.

Mr. Schneider: Okay. So it could have come out of the other ministry's office?

Mr. Mason: Yes.

Mr. Schneider: I see. Okay. So it came out of the Infrastructure ministry's office?

Mr. Mason: No. I believe it's split.

Mr. Schneider: Oh, it is. Okay.

Mr. Mason: Yeah. It's split.

Mr. Schneider: Okay. That answers the rest of my question. Do you have an organization chart for your office?

Mr. Mason: Yes. We can probably provide that to you. I can explain it very simply. I have in the office an appointment secretary, a correspondence secretary, and then in terms of the political staff there is a chief of staff, presently one ministerial assistant – we're in the process of hiring a second one – and we have a press secretary. I think that's it, isn't it? Yeah, I think that's it.

Mr. Schneider: Okay. No need to provide that chart.

Line 1.3 shows an increase in the communications budget, going from \$874,000 to \$930,000. Can you tell us what accounts for that increase?

7:20

Mr. Mason: Yeah. This estimate is primarily due to increased costs for services provided by the Public Affairs Bureau – that is, media monitoring, corporate communication activities, and so on – as well as negotiated salary adjustments for bargaining unit staff. Essentially, that's an increase in our overhead in terms of services that we receive from the Public Affairs Bureau.

Mr. Schneider: Okay. Thanks.

I've got to ask: was there an effort to reduce costs in that line item on your behalf when you put this budget together?

Mr. Mason: Well, we're always looking to economize where we can, but there are significant communications activities. As you're aware, there are projects that are being built around the province for which we have to provide communications: the cancer hospital in Calgary, the hospital up in Grande Prairie, the school in Two Hills. There are significant amounts to make sure that the public understands what it is we're doing. So, yes, we always look for economies where we can. I think these are reasonable increases.

Mr. Schneider: I appreciate that.

Likewise, for line 1.5 there's about a \$700,000 increase in corporate strategies and services. That's a 4 per cent increase from the '15-16 budgeted amount. Can you speak to what accounts for this increase, and can we talk about efficiencies again?

Mr. Mason: Sorry. That's line . . .

Mr. Schneider: Line 1.5, yeah, on page 162.

Mr. Mason: Okay. That's a \$705,000 increase, correct?

Mr. Schneider: Yeah.

Mr. Mason: That's primarily due to consolidating some of the activities from the strategic partnerships office into corporate strategies and services as well as negotiated salary adjustments for bargaining staff. As we have eliminated the strategic partnerships office, we have moved some of those staff into new areas where they're going to continue to do similar work, and then the budget goes with them.

Mr. Schneider: Oh, so the budget follows them. The budget was \$1.2 million – was it not? – that was left in the strategic partnerships office.

Mr. Mason: That's correct. It was from a forecast of \$2,975,000, and the estimate this year is \$1.2 million. That is not all a reduction because some of that, as I just said, has been moved elsewhere. I think our actual cost savings by eliminating that office nets out at about \$300,000.

Mr. Schneider: Okay. I guess that while we're talking about the strategic partnerships office, it's down to \$1.2 million from \$3 million last year. The department's business plan shows no forward funding to this office after this year. I understand this line item is responsible for actively driving infrastructure projects through innovative partnerships. I know it's been traditionally responsible for P3s. It's also been responsible for supporting government of Alberta teams in assessing, procuring infrastructure projects in socioeconomic areas. I mean health, education, transportation, housing, energy, et cetera. I understand the line item, I think. Funding has dropped to \$1.2 million.

There have been a lot of P3 projects throughout the province in the last number of years. I guess I'd just like to understand the decision to completely disassemble P3 possibilities for infrastructure projects in the future that could possibly be used when they represent best value for Alberta taxpayers' dollars. Can you help me with that one, please?

Mr. Mason: Sure. Happy to do that. This does not preclude us being able to go forward with P3 projects in the future. Most of the staff have been relocated, as I mentioned, into corporate strategies and services. That consolidation should save us about \$300,000. We retain the capacity to assess and approve P3 projects going forward, and we will continue to complete those projects that have been started using the P3 model, including the southwest ring road in Calgary.

It is, in my view, questionable whether or not it's advisable to have long-term operation of government facilities in the hands of private contractors. We are going to continue to evaluate that, and a final decision I hope will be made relatively soon. But I want to indicate that the design and construction of government facilities will continue to be in the hands of the private sector. We're going to continue to tender these projects in the private sector for the design, the engineering, the construction.

Highway maintenance, as you know, is also in the hands of private contractors in the province of Alberta. There are no changes planned to that at the present time. But the long-term operation of government facilities, like highways, over a 30-year period is something that's a significant question in my mind as to whether or not that's the best value for money, and we're continuing to assess that.

Mr. Schneider: As long as you'll continue to assess it. I mean, it will be interesting when we move ahead here to see that there's a possibility that P3s have been considered for some of these, maybe the larger capital projects in the future.

Mr. Mason: Well, we haven't ruled it out going forward at the present time, but I think it's fair to say that we have some real questions about it.

Mr. Schneider: In media reports the ministry staff say that the office was integrated within the corporate strategies and services. Is there an increase in that line item to reflect that?

Mr. Mason: Well, I think that that's what we just looked at, your last question under line 1.5, the \$705,000 increase, primarily due to consolidating some of those activities into the corporate strategies and services.

Mr. Schneider: Yeah, I see that the '15-16 forecast is \$16.9 million, well, just about \$17 million, and the estimate is \$17.7 million. I guess that's the \$700,000 we were talking about?

Mr. Mason: Yes.

Mr. Schneider: Okay. Back to page 162 – that's what we're on – the total for ministry support services is \$22 million in this year, in the estimate line 1 total.

Mr. Mason: I'm sorry, Member. Where are you again?

Mr. Schneider: Still on ministry support services.

Mr. Mason: Okay.

Mr. Schneider: In the business plan, now, just so we were clear there, we're looking at a \$22.239 million estimate for the entire ministry support services, but in the business plan the cost is higher, up at \$26 million. That's on page 90 of the business plan. What services account for the difference?

Mr. Mason: It's basically the amortization of the capital assets.

Mr. Schneider: Amortization of capital assets. Efficiencies in that line item?

Mr. Mason: Yes. The \$3.9 million relates to the amortization of capital assets, and that's it.

Mr. Schneider: Okay. Well, it's just all about understanding the ministry – right? – from my perspective.

At this time, Mr. Chairman, I'd like to propose an amendment. I have the proposed number of documents required. Do you want me to wait, or should I go ahead?

The Chair: You can proceed.

Mr. Schneider: Okay. I'd like to move that

the 2016-17 main estimates of the Ministry of Infrastructure be reduced as follows:

- (a) for the minister's office under reference 1.1 at page 162 by \$80,000
- (b) for the deputy minister's office under reference 1.2 at page 162 by \$45,000
- (c) for communications under reference 1.3 at page 162 by \$100,000
- (d) for human resources under reference 1.4 at page 162 by \$74,000
- (e) for corporate strategies and services under reference 1.5 at page 162 by \$1,555,000

so that the amount to be voted at page 161 for expense is \$557,811,000.

No offence, Minister. It's just that at this time of Alberta government borrowing for operation, ministry support services sees

proposed increases from, you know, just under 1 per cent to 6 per cent. The latest numbers show that Alberta's population growth and inflation are only at 4.33 per cent. It's just that we feel that the ministry should lead by example in doing their best to hold off on spending.

7:30

Mr. Mason: No offence taken. Differences of financial philosophy are to be expected in a provincial Legislature.

Mr. Schneider: I appreciate that, sir.

Line 2.2 of the estimates, still on page 162, shows a massive decrease in health facilities infrastructure, going from \$7.5 million to less than \$3 million. This line item has seen a continual decline from the '14-15 actual. There is no '15-16 actual yet, of course, but it's plain that the '15-16 budgeted and forecast amounts are just about 7 and a half million dollars, which is down about \$1.5 million from the last actual number. The '16-17 estimate is down an additional \$4.7 million from the number that I just quoted. That's another 63 per cent. Correct me if I'm wrong, but I think that this item refers to employees that manage health facilities. Is it related to decreases in staff, or is it a broader plan within the ministry regarding other spending or planning? I wondered if you could help me out with that.

Mr. Mason: This is a direction that I've given to the department, that staff that are associated with the development of capital projects should not be carried on the department's books on a permanent basis but should be assigned to the capital budget. So it's not a decrease, but it is a transfer of responsibility here for these personnel to a capital project budget.

Mr. Schneider: Okay. Where would that have transferred to?

Mr. Mason: Capital budget.

Mr. Schneider: Capital budget. Okay. Got it.

Mr. Mason: Yup.

Mr. Schneider: Thank you very much.

I note that line 2.3, school facilities infrastructure, has slightly increased from last year. It's nice to see the responsibilities for school infrastructure moved to the Alberta Infrastructure ministry from the Alberta Education ministry. It's kind of an irregularity from days gone by. At any rate, this line item 2.3 has increased this year by only \$161,000, but can you enlighten me on this item? Maybe a couple of FTEs or something?

Mr. Mason: I hope I can. This is another internal reallocation of staff, in this case from corporate strategies and services into the school facilities area.

Mr. Schneider: Okay. I'm still on page 162, item 2.1, government facilities infrastructure. We are seeing a \$4.48 million decrease. Now, don't get me wrong. Decreases in line items tend to excite some of us on the other side of the House, but if this portion of the budget is largely to pay salaries and expenses for government facilities' employees, can I ask what the \$4.5 million cut refers to?

Mr. Mason: Yes, you may.

Mr. Schneider: Thank you.

Mr. Mason: That is again primarily due to staff that are directly attributable to capital projects being transferred to the capital budget.

Mr. Schneider: Okay. Line 5, asset management: why has that asset management budget increased so much? It's more than doubled since the 2014-15 actual.

Mr. Mason: Well, between 2014-15 and '15-16 it was primarily due to divisional reorganization, where the former property development branch and asset management unit within property operations were merged to support an increased focus on asset management activities. This year there is a \$381,000 increase from the 2015-16 forecast primarily due to negotiated salary adjustments for the public service bargaining staff and partial-year vacancies in 2015-16.

Mr. Schneider: I appreciate that.

Mr. Minister, I'm going to ask – I guess I've got to ask. I mean, there's been so much shuffling of staff from one portion to another throughout the ministry. Can I ask again if there is a chance for an org chart of the Infrastructure ministry to see where all these things . . .

Mr. Mason: Sure. Yeah, we can provide that, can't we, deputy . . .

Mr. Schneider: I appreciate that.

Mr. Mason: We'll do that.

Mr. Schneider: I mean, I'm trying to understand the movement of staff from one portion to another.

Mr. Mason: Yes. I understand. I find it challenging as well.

Mr. Schneider: Thanks a lot. I appreciate that.

Line 6.1 notes that there is a significant increase in leases, up over \$1.5 million from last year. That's a little over 5 per cent. Can I ask you what accounts for this, and also can you speak to the up-and-down yearly numbers? Like, it was \$207 million in 2014, down to \$198 million in 2015, now back up to \$209 million in this estimate.

Mr. Mason: Last year it was primarily due to the intention to apply tenant improvement allowances against lease costs, a one-time savings. Maybe I'll ask the deputy to elaborate on that.

Mr. Day: Sure. Within some of our leases we have an allowance to do some tenant improvement work. Because of the tight budget in 2015-16 we budgeted to provide some of that against the actual lease costs.

Mr. Schneider: Thank you very much.

Regarding line 7.2, reconstruction and accommodation: this expense line is zero funded. Does that tell us that the flood work is all done? It's under Alberta flooding, heading 7.

Mr. Mason: That's budgeted under capital investment on page 163. It's line 7.2, reconstruction and accommodation.

Mr. Schneider: Yes. Now, I was looking at page 162.

Mr. Mason: That actual of \$235,000 relates to Health's flood recovery projects, including the High River hospital and annex building and the Canmore hospital.

Mr. Schneider: Okay. On the expense side of that heading, reconstruction and accommodation, we have a zero budget for the line item. I guess, does that tell us that the flood work is all done?

Mr. Mason: There's still capital . . .

Mr. Schneider: There's still capital. Okay. Yeah: \$11 million?

Mr. Mason: . . . but nothing further on the operating side.

Mr. Schneider: Okay. Thank you.

The next page over, page 163, way down at the bottom, item 7.2. This is where we just came from. It shows that \$4.515 million is forecast to be spent in '15-16. Can you please explain that?

Mr. Mason: Okay; 7.2 . . .

Mr. Schneider: Reconstruction and accommodation again.

Mr. Mason: Yeah.

Mr. Schneider: Can you tell me what that capital is for, please?

Mr. Mason: It's primarily Health's flood recovery projects, minor repairs to hospitals in High River, Canmore, and Drumheller. They've been classified and forecast under capital payments to related parties in 2015-16 to comply with the capital asset policy. Those projects were budgeted under capital investment.

Mr. Schneider: Okay. Thank you.

Page 163 again at the bottom, line item 2.2 under capital payments to related parties, health facilities infrastructure. This line item is actually down \$21.191 million from the '15-16 budgeted amount of \$491 million.

Mr. Mason: Sorry, Member. What line are you on?

Mr. Schneider: Line 2.2 under capital payments to related parties, health facilities infrastructure.

Mr. Mason: On page 163?

Mr. Schneider: Page 163, yes.

Mr. Mason: I don't have that. Oh, it's way down here. Okay. It's not in order. My apologies.

Mr. Schneider: It's actually down \$21.19 million from the '15-16 budgeted amount of \$491 million, but my question is about the '16-17 estimate. That number is \$470 million, just a little over, but it doesn't match the capital plan on page 50, \$578 million. Is there something in the capital plan number that's being funded outside of the health facilities infrastructure number? It's just about \$108 million.

7:40

Mr. Mason: Just give me a second.

Mr. Schneider: Yup.

Mr. Mason: There are some of these that are in the Health ministry. Under the capital plan on page 50: clinical information system, continuing care beds, equipment for cancer corridor projects, medical equipment replacement and upgrade program are what those projects are.

Mr. Schneider: Okay. And that's the difference between the two?

Mr. Mason: Yup.

Mr. Schneider: Thank you.

Same page of the capital plan, page 50: I just wanted to ask about a couple of projects. You did talk about these in your preamble – now, I think I asked about it last time we met as well, but I think it's worth asking about again – specifically, 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, Northern Lights regional health centre, and the Strathcona community hospital. Because I don't have an actual '15-16 number to compare it to, according to the '15-16 estimate and the '16-17 estimate it appears that most of these facilities are requiring less money, which makes sense. A couple are requiring more money, and that may be the stage where the construction is at. That's quite possible. It appears that the Strathcona hospital may be off the budget in this fiscal year, but other than that one the ones I've mentioned are still appearing with target estimates into the future. Can you just give us an update with regard to the progress of those hospitals? You know, I don't have a lot of time, so . . .

Mr. Mason: I think we can probably get you some more detailed information. Andrew will speak to those.

Mr. Schneider: Sure.

Mr. Sharman: The Edson health care centre: we've handed over the acute-care building. We're currently working to complete the continuing care facility, so that will run through this year.

Grande Prairie: more money this year. We've tendered and successfully issued some of the tender packages to fit out the hospital after trying to drive the cost down, with a heated economy.

The High Prairie health complex will be complete in September this year. There may be some funds to commission it and for equipment and so on that may run into the next fiscal year.

Lethbridge: we handed over the acute-care wing in October last year, two months ahead of schedule, and we now have a two-year project to go back in behind the affected departments in the existing building and upgrade them.

Northern Lights is a building envelope, a redo of the facility. Obviously, now that's on hold pending the outcome of getting back into Fort McMurray.

Strathcona: we're just trying to clear up some potential claims against the project and also just finalizing the expenditures with Alberta Health Services for fixtures, equipment, and IT.

Mr. Schneider: Mr. Minister, possibly while Mr. Sharman is still there: we still seem to be putting a lot of money into the South Health Campus in Calgary. The capital plan shows that this is the last fiscal year of money that's required for that project. Do you believe that that \$18 million that's in the estimate this year will see that project completed?

Mr. Sharman: We're just working with one of the contractors to retrofit some of the air-handling systems. There've been some positive air-pressure challenges, and we have some money in the budget in case of a potential claim.

Mr. Schneider: So we could see the end of this project by . . .

Mr. Sharman: Yes. It's just this one problem that we've been facing in the facility, and by the end of this year we will have completely retrofitted that system.

Mr. Schneider: Thank you.

Back to page 163 of the estimates again, capital investment, item 2.5. Now, in the last budget presented, the capital construction program, which is the header, was presented as a lone item. It now has three subs. At any rate, it is line 2.5 that I want to ask about, new projects and programs. It looks like there has been an estimate of \$147.9 million in the '15-16 budget. It appears that the money wasn't used. Can you help me out with that? And while we're at it, I guess, we have a \$90 million budget for the '16-17 estimates, so

if you can help me out with what that estimate encompasses as well, please.

Mr. Mason: Yes. Okay. There is a \$147.9 million decrease from the 2015-16 budget to the forecast due to the funds being available for allocation to government of Alberta capital priorities and planning for new projects and programs not being allocated to Alberta Infrastructure for capital projects. There is a \$90 million increase from the 2015-16 forecast to the 2016-17 estimate which is due to the additional funding provided in 2016-17 for potential capital projects across the government of Alberta.

Mr. Schneider: Okay. While we're on this capital construction item, can I please ask what item 2.1 entails? Would the Royal Alberta Museum be included in that item?

Mr. Mason: There's a \$2.5 million increase primarily due to project scheduling and changes in cash flow requirements for major projects such as the Royal Alberta Museum and funding for new projects such as the Agrivalve Processing Business Incubator and Royal Tyrrell Museum of Palaeontology expansion.

Mr. Schneider: Okay. Thank you.

Move down – same page, page 163 – to item 4.4, accommodation projects. In the last budget the estimate was \$26.4 million. It looks like we are forecast to use \$23.4 million. The estimate for '16-17 is \$33,804,000, which is up \$7.4 million from last year's budget estimate. That's about a 28 per cent increase. I think this line item refers to the renovation of buildings in order to create efficient spaces for government. Can you please tell me what the buildings are that the government is renovating that require this 28 per cent increase?

Mr. Mason: I'll get that answer for you. Yeah. It's for accommodation, renovation, and restacking of our government-owned and -leased buildings, which we expect will reduce the leasing costs in the longer run. But I'll get you more detail here from staff.

Mr. Schneider: Okay.

Mr. Bentley: Dave Bentley, assistant deputy minister of properties division. Specifically, the buildings that we're focusing on are owned buildings where we're renovating and increasing density. So as an example, the Learning Resources Centre, which is in west Edmonton, is currently under renovation. The J.G. O'Donoghue Building, which is on the campus we're located on, at the Neil Crawford centre, is 19,000 square metres of space that we can densify and put more staff in. This will result in basically being able to vacate leased space hopefully within the next 24 months.

Mr. Schneider: Okay. Thank you.

I just wanted to ask a question about schools. In the last cycle of the capital plan we saw the cost for 200 new and modernization projects of schools estimated at \$3.5 billion over a five-year period. In the '16-17 capital plan the number is down to \$2.86 billion. That is a difference of \$633 million. Now, we're still talking about the same number of projects, obviously. The line item hasn't changed. I'm not sure what the item underneath that is, school capital priorities. I don't know what that entails. I wondered if that's where the approximately a half a billion dollars got to.

Mr. Mason: There is \$500 million in the capital plan for future schools that are currently unallocated to individual projects.

7:50

Mr. Schneider: Okay. So that's the school capital priorities line item. Is that right?

Mr. Mason: Yeah. That's correct.

Mr. Schneider: Okay. Just so we can get back to this \$3.5 billion last year, \$2.86 billion this year for the same amount of school projects and modernizations – I mean, it's a \$633 million difference. There's \$500 million in the line item underneath it.

Mr. Mason: Yeah. That's right.

Mr. Schneider: So we're still – \$133 million is floating around somewhere.

Mr. Mason: That represents the costs of completing the construction on existing schools.

Mr. Schneider: A hundred and thirty-three million dollars?

Mr. Mason: Correct. Yup.

Mr. Schneider: Okay. We see \$1.6 billion being spent on school projects in the '16-17 fiscal cycle, then \$903 million in the '17-18 cycle, \$343 million in the '18-19, and the capital plan shows that the dollar value intended for the '19-20 budget, new and modernization projects, drops off to \$13 million. Will this see the completion of the 234 school projects?

Mr. Mason: I think that's, yes, pretty close. That's what that is.

Mr. Schneider: That's what they're supposed to represent, right? We're hoping to get there in '19-20?

Mr. Mason: Yeah, we are.

Mr. Schneider: Okay. This budget and these estimates show the continuation of your government's long-term \$34 billion capital plan currently at over \$8 billion each year. Now, I'm just going to philosophize for just a second. British Columbia, which has a larger population, has a \$4.2 billion capital plan, so are we getting twice as much better results than B.C., I wonder. I mean, that's a philosophy, and it's probably not a fair question, but we have double that budget for half as many people.

Mr. Mason: Half as many people? I think you're exaggerating a little.

Mr. Schneider: Well, it has a larger population. Sorry.

Mr. Mason: Yeah. Well, as you know, we engaged David Dodge, a former Bank of Canada governor, to do a report for us on infrastructure spending, and there was a deliberate decision made to increase capital spending by about 15 per cent over a five-year period, not permanently. But while we're having, you know, a downturn in the economy, we're attempting to provide some stimulation to take advantage of low prices to get good value for taxpayers' dollars, take advantage of low interest rates. It's an excellent time for us to invest, and I think that in terms of potential job creation there will be about 10,000 infrastructure jobs created as a result of this.

You know, some parts of what our government is doing have been somewhat controversial. This one is something that is widely supported in the business community as well as other sectors of the economy because we have additional capacity. Engineering firms need work. Architects need work. You've got lots of skilled

building tradespeople who are on the list waiting for jobs. So it's a good time to do it, and I think that it will help our economy and help our province.

Mr. Schneider: Thank you.

Surely, since coming into office, fresh eyes, after 40 years of a previous government, you must have identified some efficiencies in the tendering process or at least in how infrastructure projects are procured and handled.

Mr. Mason: Yeah.

Mr. Schneider: What efficiencies have you identified and implemented? I wonder if you could help me with which line items we might see those on.

Mr. Mason: I'm not sure you'll see them in line items specifically, but I can tell you that there are a number of things that we're looking at. I engage with stakeholders quite a bit on some of these things. [A timer sounded] Sorry. Do I . . .

The Chair: Please proceed. It's the final 20 minutes.

Mr. Mason: Oh, the final 20 minutes. Okay. I thought we were still on the first 20 minutes. It seemed like the longest 20 minutes of my life. Anyway.

I engage with stakeholders, and there are lots of good ideas out there. Our department's role is to protect the public interest, so there's a creative tension, I think, there that's a very positive thing, and I think it's beneficial.

What we would like to do is find ways to move our procurement in a way that encourages innovation so that we're not necessarily just entirely prescriptive about, you know: this is exactly what you have to do. If people have some good ideas about a different way to get something done, then I think we can look at it. I think we also want to encourage people to come forward with ideas that, you know, improve our carbon footprint, that support lower energy costs and reduce CO₂ emissions for some of these projects, and I think we also want to look at whether or not we can make some of these projects focus on supporting local economies and local bids.

Mr. Schneider: That would be great, I'm sure.

Mr. Mason: We're taking a look at all those things, hon. member, right now. I can't tell you where it's all going to land, but we've also put some other things in place.

Mr. Schneider: I'm sorry. I have to interrupt you.

Mr. Mason: Okay. Sorry.

Mr. Schneider: I know you could tell me a lot of stuff, but I've got to move on here.

Mr. Mason: It's exciting stuff.

Mr. Schneider: You know what? Encouraging innovation: industry is interested in that, I'm pretty sure. I've heard industry tell me that more than once.

Mr. Mason: Good. I thought you'd like that.

Mr. Schneider: Would you say that your ministry is responsible for a large part of the jobs that your government plans to create through the budget?

Mr. Mason: Well, I think the goal overall of the jobs plan included in this budget is a target of about a hundred thousand jobs, but in terms of the infrastructure our estimate is that the infrastructure program itself will create about 10,000 of those jobs.

Mr. Schneider: Okay. It's interesting. There was a question asked in the House the other day to the Minister of Labour. Actually, it was right here. My colleague was the one asking the questions while discussing the budget estimates for that portfolio, which was Labour. She said,

The Alberta jobs plan is estimated to create a 100,000 jobs, but I don't have the detailed breakdown for you on that line item. It's not something that my ministry would be able to get for you. I would recommend that you talk to the Minister of Infrastructure with that question.

Mr. Mason: We'll see about that.

Mr. Schneider: I hate to put you under the gun, but you're 90,000 jobs short here. So are you able to answer that question, Mr. Minister?

Mr. Mason: We worked with Treasury Board and Finance on this, and we put our capital plan through the model that they use, and this is what they came up with. Maybe you can ask the Minister of Finance. No. I can – you know, for example . . .

Mr. Schneider: That's three ministries now. We're keeping track over here.

Mr. Mason: Okay. They're Treasury Board and Finance estimates based on the Alberta macroeconomic model used to develop the budget forecast. The net impact of 10,000 jobs was estimated by running the model with and without the additional government investment. This model captures linkages between industry, income, and spending categories in Alberta. We actually did run it in the model. I don't understand in depth the model, but this was not just a figure pulled out of thin air.

Mr. Schneider: Okay. It just seems like we're talking about three ministries, so that's okay.

I guess I want to ask about the small communities component in the new building Canada fund. Do you have any indication of which community projects are being put forward under that project? There are annual numbers on page 51 of the budget, but there doesn't seem to be any indication anywhere as to which community projects.

Mr. Mason: Where is that? Sorry.

Mr. Schneider: On page 51 of the fiscal plan, the new building Canada plan, small communities component.

8:00

Mr. Mason: I'm hating to pass the buck again, but these grants are administered through Municipal Affairs.

Mr. Schneider: Municipal Affairs?

Mr. Mason: Yeah.

Mr. Schneider: Okay. Fair enough. I think I've asked that question before.

I'm going to ask about the Grande Prairie regional hospital, specifically. Per the capital plan, the fiscal plan, on page 50, the cost for the Grande Prairie regional hospital is going out until 2019-20. My question is: why is the Grande Prairie regional hospital still four

years out? Given recent delays and the size of the capital budget, was it not possible to have that hospital wrapped up any sooner?

Mr. Mason: Yeah, 2019 is the targeted date. I mean, we've had to do quite a bit of work with respect to that project because it was announced and the budget was announced, you know, before proper design work and all of the different pieces that you would normally do to scope out the project were done. As a result the building is quite a bit too large for what's needed. We've been working hard to try and get the budget back under control, to make sure that we have a facility that has the right level of support that's needed. So right now we're retendering the interior fit-out package, and we've received some initial tender documents.

I've got quite a bit more information if you're interested.

Mr. Schneider: No. That's all right, really.

In November it was estimated that the project was close to \$90 million over budget. Is that estimate still correct?

Mr. Mason: I'll just give you this. It's a \$647.5 million hospital that will provide a range of health services, including surgery, cancer care, and emergency services. In November 2015 the construction completion date was extended to 2019. Following steps to address cost pressures, the project is approximately \$60 million over budget. It was previously \$109 million over budget, and we've brought that down. We're continuing to work hard on that. We have taken steps to address the cost pressures, which are approximately, as I mentioned, \$60 million over budget currently.

Mr. Schneider: Okay. That's what I kind of wanted to hear.

There are a number of new projects in the capital plan: Gaetz Avenue, the Peace River Bridge, highway 43 Grande Prairie bypass. Can you elaborate on how these were chosen and what the selection criteria was?

Mr. Mason: I'm sure we can. There are 12 criteria that are utilized. The project impact includes impacts and benefits to the local community, a regional service area, a major segment of the province, or to the entire province. Economic impact is the second one. It includes the project's ability to stimulate economic activity, direct and indirect job creation, and to foster economic development, a competitive business climate, reduced operating costs for business, the ability to support a new market, and the ability to foster growth in priority value-added sectors. Operating and facility costs: in other words, we need to know what it's going to cost to run. You know, sometimes you just plan these things out and you just look at the capital cost, but you don't think about: well, we've got to staff that hospital with nurses and techs and cleaners and all of that kind of stuff.

Mr. Schneider: Fair enough.

Mr. Mason: So that's part of it. We want to make sure that its utilization and capacity meet the target rate of usage relative to the design capacity.

The next one is that the condition of the existing asset is evaluated. Health and safety is taken into account, potential risks and compliance with federal-provincial legislation, regulatory changes, audit citation, and public criticism.

Mr. Schneider: Mr. Minister, could you just forward those to me?

Mr. Mason: Sure. Yeah, we can. You know, it's in the capital plan.

Mr. Schneider: Yeah. Okay. It's in there verbatim?

Mr. Mason: This document is on our website.

Mr. Schneider: Okay. So right at the start of page 6 in the fiscal plan it says that \$2.2 billion has been allocated for green infrastructure. It's not clear whether green line funding is included here.

Mr. Mason: No.

Mr. Schneider: Okay. How much money will this save long term?

Mr. Mason: Where are we, please?

Mr. Schneider: Page 6 of the fiscal plan. It's just a statement in the fiscal plan that talks about green infrastructure. It shows \$2.2 billion. I just wondered what they are and what they will save long term, I guess.

Mr. Mason: Can you direct me a little more specifically, please?

Mr. Schneider: Yeah. On page 6 of the fiscal plan, about a third of the way down the page: "\$2.2 billion in green infrastructure like public transit." I just wondered what's included in that.

Mr. Mason: Well, that specifically has yet to be determined. We're in the process of working through what those projects might look like, and I think we're going to continue that process for some time, so I can't give you a definitive answer. But, certainly, public transit is going to be a priority. That may help fund future projects. I should clarify my answer. That may include future projects. It could include partial funding for the green line or other transit projects. But it's not allocated, and the criteria is still being worked on. It may be a little while.

Mr. Schneider: Okay. But you identified a number. You identified \$2.2 billion.

Mr. Mason: Yes. That's right.

Mr. Schneider: There must have been some way you came up with the number. I mean, you haven't allocated any projects yet or . . .

Mr. Mason: No. Well, we had to make some decisions about what the division and the allocation would be, and that's the number that was selected. It's not based on adding up actual numbers of projects if that's what you mean. It's not like it's \$800 million for this project and so on because those projects have not been considered yet. Obviously, we had to make an estimate of how much of that fund we wished to allocate to green infrastructure, so the number was selected. It's not a . . .

Mr. Schneider: Like, was there an internal assessment done of some kind? What kind of an assessment was done?

Mr. Mason: Yes. Well, we're certainly looking at and considering the needs, trying to balance the various needs with respect to that, so renewable energy projects and so on, bioenergy and so on, public transit, and energy efficiency projects. Those are allocated amounts not based on the cumulative cost of projects because the projects have not yet even been proposed.

Mr. Schneider: Okay. It just seems strange to me that you're able to come up with a number but no projects.

Mr. Mason: Well, sometimes you have to do it that way, hon. member.

Mr. Schneider: Well, that could be. I've never made a budget, so I'm going to have to take your word for it.

I recently spoke with contractors and construction companies who expressed concern that the steel being used in construction projects is imported and that it presents a challenge when bidding because some other countries like South Korea subsidize their steel industry. So this represents a challenge for Alberta-based steel companies to compete. Just this week we heard from a project manager about the problems they've had with Chinese steel. These problems include cost overruns resulting from the poor quality of the steel, which leads to additional costly work, of course, and dismisses initial project schedules. Are these sorts of considerations taken into account by your department with regard to the use of the steel in infrastructure projects in Alberta? Are these long-term problems budgeted for? Are the risks with using that kind of steel factored in?

8:10

Mr. Mason: Hon. member, I did have the opportunity several weeks ago to meet with the Alberta steel industry. We had a very productive discussion. Now, obviously, we cannot ignore price, and I made that very clear to them, but to the extent to which we can utilize local suppliers and take into account all of the costs that are associated – for example, you know, there are certain advantages that were presented to me by local industry in terms of how they deliver the steel, deliver the material, and so on. So we can't completely get away from cost, but I did say that we could take a look, and we are examining this.

As I mentioned, our procurement changes that we're looking at include an overall assessment of what the economic impact of using local supply might be. Then we also, of course, as you are aware, have to take into account the various trade agreements that Canada and Alberta are privy to. We need to also bear in mind that if we favour local suppliers in an area, then any other province is entitled to favour their suppliers as well.

So it's not a simple matter. To the extent that we can use local suppliers, all other things being equal, we would like to do so, and that is part of the work that we're doing as we reconsider our procurement process.

Mr. Schneider: But you're aware of the inferiority of the steel that comes from Asia?

Mr. Mason: I'm assuming that you're taking their word for it?

Mr. Schneider: Well, I'm taking a contractor's word for it, yes. It's a large contractor in Alberta.

Mr. Mason: Yeah. My deputy reminds me that the steel may be fabricated here, but it's produced abroad. There's no steel produced here in the province of Alberta. It's all offshore.

Mr. Schneider: Yes, of course.

Okay. My caucus colleagues and I have a particular concern for those Albertans who go into the trades and have little opportunity to finish their training, let alone get to practising. What consideration have you given to encouraging and incentivizing the use of apprentices on Alberta Infrastructure funded job sites, if any?

Mr. Mason: We are reviewing with other departments the overall apprenticeship policy. But I should mention that we do have a clause in our contracts which encourages the use of local apprenticeships by people. As I understand, it's not a mandatory thing but something that is actually included in the document.

Mr. Schneider: Thank you.

Your department does deal with property management. Is there any line item or budget for possible future expropriations such as the west Calgary ring road?

Mr. Mason: For future what?

Mr. Schneider: Future expropriations.

Mr. Mason: Expropriations. Well, the west ring road is included in the capital plan. If you give me a minute, we can find that for you. I think it's in year 4 and year 5. I'm not sure right now how that breaks down.

We do handle expropriations for other departments. If we will need to expropriate land for the west ring road, that will come out of Transportation's budget, so you'll have to ask that minister about that.

Mr. Schneider: Any idea where I could find him? No, I'm kidding.

Is there a line item that indicates expected revenue from selling surplus property such as the hospital in Carmangay? Speaking of which, any idea when that surplus property will be sold?

Mr. Mason: No, there's no line item. The Carmangay property is Alberta Health Services.

The Chair: I hesitate to interrupt, but the time allotted for the Official Opposition has expired.

We will now proceed with the third party, the PC caucus. Would you like to share your time with the minister?

Mr. Drysdale: Yes, please. If we could go back and forth, that would be good with me.

The Chair: Okay. Please proceed.

Mr. Drysdale: First, I'd like to thank the minister and his staff for being here. I know he's got some pretty qualified people sitting behind him. I've had the pleasure of serving with them as well, so I know.

Mr. Mason: Thank you for that.

Mr. Drysdale: Yeah. He has good support, and I thank the staff for the work they do for this province.

You know, the first part here is a little confusing, so I'm going to ask some questions just to try and clear it up. It might be confusion on my part, but I'll hopefully understand it in the end. We talk about 200 new schools. I think last year it was 234 or something, and I'm assuming that 34 were the old ones that are completed now. Like, you haven't cut any of the school projects. They're just the ones that were completed. I call them the Stelmach bunch that were completed now, so that's the difference. You didn't cut any of the schools that we started from the 234?

Mr. Mason: Not that I'm aware of.

Mr. Drysdale: The 200 are the ones that were announced before, and there are no cuts and no new ones added, I take it. You haven't added new schools to that list, I guess, is what I'm trying to clear up.

Mr. Mason: Not at the present time. No.

Mr. Drysdale: Okay. Do you know when you may be adding further schools? The last bunch that was announced was in '14, so it's been a couple of years.

Mr. Mason: Yes.

Mr. Drysdale: Any idea when you'll make the next round?

Mr. Mason: There is \$500 million in Education's capital budget that is currently unallocated but is available for new schools. Those decisions, as you know, hon. member, come out of the Education department in consultation with the school boards.

Mr. Drysdale: But I see you have \$125 million budgeted this year, you know, part of that \$500 million, so I assume that this year there'll be some announcements.

Mr. Mason: I'm not in a position to make those announcements, but thank you for the question.

Mr. Drysdale: Yeah. Just because of the timeline in the past – and maybe it will be different now – we were criticized before. It was about three years to build a school. So from the time you make the announcement, it takes a couple of years to do the planning, the assessment, the engineering, and then another year to build it.

Mr. Mason: Yeah. All other things being equal, in a few cases the land needed to be identified and acquired as well, so there are additional things there.

Mr. Drysdale: It used to be frustrating in Infrastructure. It would take them two years to plan it, and then they wanted us to build it in a year kind of thing. That's usually what happened.

Mr. Mason: Well, you know what they say: measure twice, cut once.

Mr. Drysdale: So, you know, it's stay tuned and see if we get new announcements this year?

Could you tell me what new capital projects are in this budget? Like, the schools and the health care facilities and stuff that I see here are mostly old ones. What actual new ones have been announced in this budget, this capital plan?

Mr. Mason: Well, there's the twinning of the Peace River Bridge. You want specific projects, I think. There's the overpass at Red Deer. There are a number of postsecondary projects: Calgary, Lethbridge, and other places. Yeah. I think those are . . .

Mr. Drysdale: I guess some of those I'll save for Transportation on Wednesday.

Mr. Mason: I've got a more complete list here: the Keyano College heavy industrial campus building; NorQuest College; the University of Lethbridge destination project; Calgary Zoo expansion; Royal Tyrrell Museum of Paleontology; expansion of Fort Edmonton Park; Environment and Parks; Kananaskis emergency services – let's see – health clinical information systems; Calgary Remand Centre. There's actually quite a list, hon. member. It is listed in the capital plan. There are quite a few new projects.

Mr. Drysdale: Okay. Some of those were in the works before. I know that before you talked about – and it's debatable. The Calgary cancer centre: now, I think we announced it and moved it twice, and now you're back to the original spot. So that is a new announcement, then, I take it?

8:20

Mr. Mason: Well, it is because there was – how can I say this? – some uncertainty about that project under the previous government.

We have made a final decision and are going ahead with the construction of the cancer hospital on the Foothills site. That is a definite decision which we're moving forward on.

Mr. Drysdale: Okay. We thought that once, too. Have you got exact plans and designs done and finished?

Mr. Mason: Yes. That's all in process. In July we'll be issuing the RFQ on the basis of a design/build project.

Mr. Drysdale: Okay. You've got from Health exactly what will be in that facility?

Mr. Mason: Yes, we do.

Mr. Drysdale: Okay. Good. Any idea what year that'll be finished?

Mr. Mason: Yes, we do. I'd like to say 2023, but I'm going to say 2024 just to give us a little bit of a margin there.

Mr. Drysdale: Okay. You know, I'll leave that for now.

Something we've talked about before in the past that maybe, hopefully, if I get an answer here, this will be the last time I ask you. You asked me for a couple of years in the House about this sunshine list, and then you went on about how municipalities needed to see five years down the road when that project would be done or school boards and all this stuff. I think now that you're sitting there, maybe that's not so easy to come up with. In your capital plan you've got a list of projects that you call unfunded projects.

Mr. Mason: Yes.

Mr. Drysdale: I think that's quite a bit different than a sunshine list. We always had a capital plan. I've got some examples here and numbers. They were on the website. So I think this isn't – I don't see this as much different than the old capital plan. I'm just wondering if you changed your mind about this sunshine list and the capital plan. You know, you call it an unfunded capital plan.

Mr. Mason: Yes. Well, I think to be clear, you know, the previous government had a five-year capital plan, and we have a five-year capital plan. Those projects are listed because they are funded going out to five years, and they are available on the website. That hasn't changed. We still have a five-year capital plan. Everyone can see those projects and when they're going to be built and what the budgeting is over those periods of time. There are always more good projects than you have money for even in a five-year period of time.

I will acknowledge that actually solving the problems is a little harder on this side than on your side. You know, I think there was an assumption on the part of the Official Opposition before the last election – and maybe we kind of went along with it a bit – that there was a secret list of projects that were ranked and that the government was picking schools that weren't in Official Opposition or other opposition locations. Well, when we got here, we found that it wasn't really true. We don't have a ranked list.

As we evolved our thinking on this piece, it became apparent that there were projects, but the question is: do you put a project on that somebody just asked for that you haven't even looked at? You don't even know whether it's a good project or how much it would cost or any of those things. We've done no evaluation. Do you put that on a list somewhere and rank it? Well, we decided that, no, we're not going to do that. We are going to include the projects that have been evaluated and assessed against the criteria of the government. We've revised the criteria across the board. When I was reading the

list, I was obviously taking too much time for the hon. member, so he cut me off. There are 12 criteria now as well as three key pillars for the government of Alberta, and that's economic development and environment and, you know, the social aspect of the project. So everything that's been evaluated against that and found to be a desirable project but for which we don't have enough money in the five-year capital plan has been put on that list.

Now, there are lots of issues around that that have to be addressed as well. One of the unintended consequences of trying to rank those and give them all numbers is that you could set up some very unhealthy competition and lobbying by municipalities, school boards, and MLAs to move their project, for example, from three to one or, you know, from five to two. We don't want to see that. We think that that's a destructive process. So what we've decided to do is to evaluate all the projects that we get. For the ones that have been evaluated and have been desirable but that we don't have money for, we will provide it on the basis of an alphabetical list.

That's exactly how the whole thing has evolved since our taking office. It's been a challenging process. But that's a decision, for good or bad, that we have come to in terms of how to deal with the so-called sunshine list.

Mr. Drysdale: Okay. I'll take that. You know, I just don't have a whole lot to do with this unfunded list.

Mr. Mason: If you would like me to say that the previous government didn't have a secret list and was cherry-picking it, I'll say that.

Mr. Drysdale: Okay. That's good. Thank you for that.

I think, too, I would caution you on this unfunded list. I don't know. Have you ever found a project that a municipality or school board brought to you, and you said, "That's stupid; we'll never build that"?

Mr. Mason: I would never say such a thing.

Mr. Drysdale: No. That's what I mean. You say that you wouldn't put them on the list. You even have a caveat in there that this doesn't include all projects on here.

Mr. Mason: Yeah.

Mr. Drysdale: I've run into municipalities that are pretty disappointed because their project isn't on the list.

Mr. Mason: I understand. That's one of the issues related to providing that list.

Mr. Drysdale: Minister, one other one I was going to ask you about, and it's a perfectly good example. I've asked you this before, and I'll try it once more. The Beaverlodge health facility doesn't show up on your unfunded list or anywhere. It was at one time on a capital plan for approved funding for planning under Infrastructure before, and now it isn't even on an unfunded list. You know, that's pretty disappointing for a community, especially – I think it was seven or eight years ago that you were out there in a town hall meeting . . .

Mr. Mason: Stirring up trouble in your backyard. Yes, I was.

Mr. Drysdale: Yeah. You said that you would do everything you could to help that project get built.

Mr. Mason: Yes. Yes.

Mr. Drysdale: Now you're in a position, and it isn't even on the unfunded list.

Mr. Mason: Now, I'm pleased to tell you that we're currently leading the rural health facility design initiative and using Beaverlodge as a template. What we want to do is, to the degree possible, to come up with some standardized designs in order to mitigate costs. The budget includes \$2.5 million for this initiative to develop standard design documents for rural health facilities, and we're using Beaverlodge as the template for that. That's where we're at on that.

Mr. Drysdale: That's good. We had budgeted for that before, and it never happened. Not to get into trouble, but you had that same \$3 million in the budget last fall when I asked you. This year it ended at the end of April, and you had zero budgeted for '16-17. I asked: so that means that the design will be done by April? And you said: yes, it would. I can quote you right here from budget estimates last fall. You said that you were in the middle of working on it and it'd be done by April. Now you've got the full \$3 million budgeted in '16-17 again.

Mr. Mason: Yeah.

Mr. Drysdale: Has there been work done on it? You know, have you upped the budget now? You did some work last year, and you added another \$3 million this year.

Mr. Mason: You're correct, hon. member. We have rolled it over from last year. They're working on the various design elements on that. The work is under way and ongoing. But you're correct; it has been rolled over into this year's budget.

8:30

Mr. Drysdale: Minister, that's what you said in the fall, so you didn't do any work up to this point, then, I take it. You've added money to the budget because there's a full \$3 million in this year's budget again.

Mr. Day: I can elaborate on that, Mr. Drysdale. We have commenced the planning work. We're in the middle of doing the functional program with Alberta Health Services. As you know, the functional program determines what elements are needed in a rural health facility. We will be going to a consultant selection – if it's not already out, it will be out shortly – to translate that functional program into a design template that can be used. That will be moving forward this fiscal year.

Mr. Drysdale: Okay. I mean, my community is frustrated because that's what you said last fall, and it hasn't been done.

Mr. Mason: Fair enough.

Mr. Drysdale: In fact, AHS did that functional planning three years ago. I think it's been done three times now. They've been to the community and asked them what they were needing. Anyway, it's ongoing. Obviously, no money was spent last year, so nothing happened until now, or else there's an increase in the budget. Hopefully, some day something actually happens with that project. Thank you for that, Minister.

I'll move on, then, to seniors' long-term care, just another one of those things, you know, where there's some confusion. I'm not even a hundred per cent sure if Infrastructure is doing part of it or if it's all Seniors and private with that ASLI grant and stuff. You know, at one time there were 2,600 spaces budgeted for. Now it's down to 2,000 and the same amount of money, so I think there's been a cut of 600 units or beds there. Are there any new ones, or is it 2,000 out of the old 2,600? Is that Infrastructure or Seniors?

Mr. Mason: The answer, hon. member, is that Seniors and Health are responsible, Health for long-term care specifically, and we work with them to meet the needs that they've identified. They transfer us the money, and we build them.

Mr. Drysdale: So I'll have to ask Seniors tomorrow, maybe. You're not sure if there have been 600 units cut out of that budget?

Mr. Mason: You're going to have to ask them. I'm sorry.

Mr. Drysdale: Okay. I'll ask Seniors tomorrow.

One more. There have been pretty good cuts to addictions and detox centres in the capital plan on page 50. You know, if you go back to '15-16, it was \$9 million, \$19 million, and \$7 million, and then in October of last year it was cut back to \$12 million, \$11 million, and \$3 million, and now it's \$8 million and \$9 million. Can you explain the cuts to addictions and detox centres? I think those are pretty important facilities for the province.

Mr. Mason: Well, hon. member, as the projects are completed, they of course drop off, so the funding then declines relative to those projects.

Mr. Drysdale: The totals don't add up, though. There's less money over three years. I think something's been dropped there.

Mr. Mason: In Medicine Hat, for example, the detox centre there is completed. I think Fort McMurray as well is completed. Fort McMurray was \$2,556,000 expensed over several years, and the Medicine Hat detox centre was \$7,600,000 over several years.

The Chair: I apologize for interrupting, Minister. The time allotted has expired.

Because there are no independent members in the room or other parties, we'll then proceed with the government caucus. Would you like to share your time with the minister?

Mr. Piquette: I would indeed, Mr. Chair. I'd also just like to ask whether the minister would like to take a five-minute break out of our government caucus time. I wonder if that's something that you would be interested in doing.

Mr. Mason: Sure.

Mr. Piquette: With that, would it be permissible for the staff to also take a short five-minute break at the same time?

The Chair: Yeah, but your clock will be running during this time.

Mr. Piquette: That's fine.

Mr. Mason: That's very humane of you. Thank you.

[The committee adjourned from 8:36 p.m. to 8:41 p.m.]

The Chair: The five minutes requested have passed, so you'll have 15 minutes remaining, Mr. Carson.

Mr. Piquette: Mr. Piquette.

The Chair: Mr. Piquette.

Mr. Piquette: I know. We're almost twins here.

The Chair: Yeah.

Would you like to go back and forth with the minister?

Mr. Piquette: Yes, I would like to do that.

The Chair: Please proceed.

Mr. Piquette: Okay. Thank you, Mr. Chair, and thank you very much, hon. minister. I just have to say that in general I agree that, you know, this is one part of the budget that isn't controversial, that's been generally well received. I know that it's been very well received by members of my constituency who do understand that with the rapid growth in population that the province has had over the past several years, the infrastructure hasn't really been keeping pace and now is the time to move ahead. I mean, not only for that, but also because this is the best time possible, when construction costs are lower and demand for work is high. For example, with the school that's being built in Athabasca, in my riding, they've been getting their quotes back, and they're about \$6 million less than what they'd anticipated, and I know that road construction contracts are coming down, about 10 per cent below. Then, like you said, Dr. David Dodge's recommendations – I'm very proud to be part of an administration that's doing the right thing.

Now, I just was hoping for maybe a greater explanation of the capital planning budget, line item 2.4 on page 162. We see a pretty substantial increase in capital planning, as has been mentioned before. I'm wondering if you want to expand a bit further on what that represents.

Mr. Mason: Okay. Thanks very much. Well, one of the many areas that we've looked into to improve the capital plan process is to make sure that there's an adequate level of planning. You do a needs assessment. You do a business case, a functional plan, the design, and so on, and you do that before you announce the full funding for the project. Then it's included in the capital plan. That's the important thing.

That hasn't always been the case. We've talked a little bit about, for example, the Grande Prairie hospital. What happened was that a political announcement was made, including throwing out a budget number, and then that budget number represented a hospital that hadn't been properly planned or assessed, so it was too big and too much. Then the department is forced to plan to the political announcement instead of first doing the needs assessment, the business case, the functional plan, and so on. This is something that, when I became the minister, was really impressed on me by my officials, the need to make sure that we do the proper planning before we start making, you know, announcements. So we've been doing that. It ensures that the total cost and the cash flows and the time frame are well understood before the announcement is made. Now, the recent Auditor General's report on school projects highlighted the need for this type of planning.

The budgeted dollars of \$30.5 million have been identified to go towards health projects such as the Misericordia hospital, the Royal Alexandra hospital, the Edmonton lab, for example. It also includes the work that Infrastructure leads in facility evaluations for schools and postsecondary institutions and seniors' facilities, which were budgeted and reported in the respective ministries in previous years.

Mr. Piquette: Well, thank you. That sounds very forward thinking. Planning: you mentioned that earlier. What did you say? Measure twice and cut once. That sort of speaks to that philosophy.

All right. Moving on, maybe we can talk about schools. I said that I was very happy to see one and, hopefully, another one when we get down the unfunded list in my riding. I mean, having new and renewed schools: I think that's really fundamental to the success of Alberta's families and communities going forward, that we have proper school facilities for our young people.

Now, just looking at budget line item 2.3 on the same page, school facilities infrastructure, could you maybe expand on that as well, explain which areas this increased funding is going to be

invested in and how you see this helping to develop Alberta's school infrastructure? I can repeat that again, Minister.

Mr. Mason: No. I've got it here. I just wanted to find it in the budget since you referenced it.

I just want to indicate that the majority of the funding to build schools sits with the Education department. People may know this, but the way the department works is that basically we take the direction in terms of what's needed from the line department. So Health tells us what their priorities are and what they need and where they need it. Then we put it in the capital budget for construction, and they transfer us the money from their budget in order to construct the health facilities. The same thing with Education, the same thing with Culture, and so on.

The other department that's responsible for planning and constructing capital projects is the Transportation department, and the Transportation department does that itself; it's not Infrastructure. But for other projects what happens is that Infrastructure takes the direction, I guess you could say, of the other departments, and then we take over the construction of the project. In this case, this funding will be – you know, the priority decisions about schools are made by Education, and of course they work with the local school boards as well. Some of the larger school boards actually construct their own schools. For the smaller school boards, probably the majority of the school districts in the province, Infrastructure constructs the schools, but I think you'll find that probably the Calgary board of education, Edmonton public, and the separate schools in the big cities build their own schools.

Mr. Piquette: Well, thank you for that. I know that that flexibility is really appreciated. Actually, Aspen View in my own riding is constructing their own school.

Moving on to health facilities, one thing I have to say is that I'm very proud that we are not repeating the mistakes of the past that allowed our health infrastructure deficit to grow unchecked over time. I'm particularly happy to see that in the plan you put \$760 million in for maintenance and renewal of our health care facilities over the next five years. If I'm not mistaken, that's an increase of about 16 per cent, or \$108 million, over last year's plan. That's quite significant.

Now, my particular question today is on page 163, line item 2.6. It shows an increase in health capital maintenance and renewal. I was just wondering how this funding is going to be invested. How do you see this impacting the condition of Alberta's health facilities, that we all kind of depend on every day?

8:50

Mr. Mason: Thanks for the question, hon. member. We are committed to maintaining our hospitals and to providing immediate action with the kind of world-class health care that they deserve.

I just want to say maybe one thing for the record. The increase in spending that we have initiated in terms of capital spending comes on top of what I would consider to be a fairly adequate capital budget by the previous government. The problem came, really, during the Klein years, when we really, really fell behind in terms of the infrastructure. That has been increased, but we need to take advantage now of the opportunity with lower costs and continued low interest rates in order to ramp up our spending to have a stimulative effect.

The funding in Health will cover the repairs, upgrades, maintenance, and replacement of building systems and building service equipment for various facilities around the province, and it allows AHS to target the critical maintenance that they need that will extend the life of the existing infrastructure. That's very

important, and they improve the overall facility condition, ensuring that we have a safe environment for staff and patients alike. You know, we're responsible for prioritizing the projects based on safety and long-term need in consultation with Health, and any situation that could impact patient safety or visitors or staff needs to be addressed immediately. That's what we do.

Mr. Piquette: Thanks for that.

A question to the chair: how are we doing for time?

The Chair: You have four minutes left.

Mr. Piquette: Four minutes? Okay. Thank you.

Mr. Chair, you know, the Auditor General's report has come up a couple of times in today's discussion. I know we talked about the list. I'm just wondering, maybe expanding a bit, about how the Auditor General's recommendations have been reflected in the current budget estimates and if you could give me a bit of information on what action has been taken so far on the recommendations in the Auditor General's report.

Mr. Mason: Yeah. Thanks very much. We have addressed the issues raised by the Auditor General, and in fact we were taking action before the Auditor General. When we got to the point where the Minister of Education and I decided to ask the Auditor General to take a look at this project, we had also identified things, so some of these things have been under way for some time.

They include an improved, updated reporting system that's been put in place. It has to be signed off by senior executives in Infrastructure and Education. The school status information is regularly updated, and it's available on the website at projects.alberta.ca. We've changed the memorandum of understanding between the two departments to clarify who's accountable for what, and we're going to be formalizing that later this summer. We brought in external expertise to assess opportunities for process improvement, and those recommendations are being implemented. We've improved the decision-making and approval processes. For example, tender approvals previously took anywhere up to eight weeks to be processed; we now do that in a couple of days.

We've also improved the overall capital planning process, and certain checkpoints are now in place to ensure that projects do not proceed without the proper planning and details necessary to ensure their success. A formal plan to respond to the Auditor's recommendations led by the Education department is being developed, and we will be proceeding with the plan over the summer and into the fall.

Mr. Piquette: Well, that's excellent. Do you think that with all these steps you'll be able to avoid some of the issues that our predecessors had, where we announced a project and didn't really have the wherewithal to make sure that it gets completed?

Mr. Mason: Well, we're certainly trying to avoid those kinds of situations from developing. Nothing is perfect, of course, but I think that we are now putting in place appropriate processes to ensure that schools are well planned and that there is continuous follow-up as the construction progresses.

Mr. Piquette: Excellent. Thank you very much, Minister.

I'm not sure how the clock is, but I'll start the next question anyway, through the chair. Now, just back again to talking about health facilities. I mean, I'm really happy that our government hasn't, you know, panicked the situation and is proceeding with continuing to support Alberta families with the care they require

and the facilities that they need. If the minister could provide information on just what the status of health facility projects in Alberta is. This is tied to item 2.2 on page 162 in the estimates package and also is referenced in key strategy 1.4, page 88, in the ministry business plan. What's the ongoing status of these projects?

Mr. Mason: Well, I think I'm going to have to answer that question, because it's almost as extensive as your question, in the next round perhaps. I think we're just about out of time.

Mr. Piquette: Are we?

Mr. Mason: I could start.

The Chair: Your time has now officially expired.

Mr. Piquette: Thank you, Minister.

The Chair: We will now proceed in the same rotation, with 10-minute combined times. We'll now proceed with the Official Opposition. Would you like to continue sharing your time with the minister?

Mr. Schneider: I can go back and forth with the minister again if he's agreeable.

The Chair: Absolutely. Please proceed.

Mr. Schneider: Mr. Minister, I'm going to talk about the sunshine list again if that's all right. You were quoted – I'm sure you've heard this quote before, but I'm going to read it again – in an April 17, 2015, news release. Oh, that was a news release, but it wasn't you quoted. The news release says that "the List will indicate how projects are prioritized, including the standards used to make the decisions, and will identify when and how changes are made to those priorities." You talked about how the Official Opposition maybe came up and were talking about it and, being the third or fourth party, kind of rode along on the coattails or agreed with it at the time. Can you or your officials speak to the unfunded projects and why they aren't prioritized?

Mr. Mason: Well, hon. member, these projects, as I mentioned earlier, have been evaluated against the criteria. They meet the criteria in a general sense but rank lower than projects that are actually in the capital plan, so they're in the unfunded capital list. These are projects that we want to go ahead with, but we don't have the money right now to do that. I think I've mentioned in the past, perhaps today in question period, that we provided an additional 4 and a half billion dollars of new capital spending, over and above what had previously been committed, over the next five years. The request that we had for that money was well over \$15 billion, so people had asked us for nearly four times as many projects as we had money available, even with the increase in spending in capital. There's just a crying demand for infrastructure around this province.

Mr. Schneider: Understood. Yeah.

Mr. Mason: It's very difficult for us to meet every project. I would say this. I would say that things that are on the unfunded capital list are things that we hope we can get to, but we can't in the next five years.

Mr. Schneider: Okay. I can tell you, as you probably know, that the Official Opposition still believes in a sunshine list. You've identified now that there were criteria used for the unfunded list, so

all we're really short is some form of prioritizing to make the sunshine list. And you still have no intention?

Mr. Mason: Of what?

Mr. Schneider: For a sunshine list.

Mr. Mason: When we list the salaries in the public service publicly, we're going to call that the sunshine list – I'm sorry that it kind of got bumped for the name – so we're calling it the unfunded capital projects list. There are 12 or 13 of them. You cut me off last time, but I'll just run through them very quickly. These are the criteria we use: the project impact, the economic impact . . .

Mr. Schneider: Sorry, Mr. Minister. You told me you'd supply that to us.

Mr. Mason: Yeah. Well, it's in the capital plan.

Mr. Schneider: Yeah. Okay. Fair enough.

Mr. Mason: But I think it's a really good list.

Mr. Schneider: I think you're probably right.

Actually, if the ranking criteria were transparent and the facility condition index was done probably the way it was intended to be used, that wouldn't be an issue, I guess, regarding pitting communities against one another. Would that be a fair comment?

9:00

Mr. Mason: I'm not sure. Can you repeat it, please?

Mr. Schneider: Yeah. If the ranking criteria was transparent and facility condition indexes were used as I expect they were meant to be used, would it be true that pitting communities against each other probably wouldn't be an issue?

Mr. Mason: No. There are so many different things that we need to take into the mix, you know: the social impact, the environmental impact, whether projects are innovative. Does it conform with federal and provincial legislation? What about health and safety? You know, it's so much more than just the condition of an existing asset, which might be useful if you're just talking about replacement projects, but sometimes you need something that's brand new and you're not replacing anything. So a ring road project, for example, or the cancer hospital in Calgary: these are not replacement projects. These are new projects. It's not simple, and that's why we have these wonderful 13 criteria that we use to rank the projects and to assess whether or not they're a priority.

Mr. Schneider: Okay. Thank you.

Recently the board of trustees of Rocky View schools unanimously approved staff's recommendations on four large-scale maintenance projects. These are still under review by your department, I understand, but which line item reflects these sorts of costs? Are these sorts of projects budgeted for?

Mr. Mason: Hon. member, that would be in Education's budget.

Mr. Schneider: That's in Education's budget. Okay.

Some communities have been waiting a particularly long time – now, I think we talked about this in the House today. The Irma school is one such example. It's been on various priority lists – priority lists again – for infrastructure going back, I think, probably four years. Is there actually no timeline for this school in particular?

Mr. Mason: Well, as I indicated, the priorities for schools are set by the Department of Education in consultation with the school districts, and I did undertake to the hon. member Taylor that I would meet with him and with his folks to work through it. That doesn't imply any promise that we're going to, you know, bump up a project, but I'm always willing to meet with local officials and any MLA from any side of the House about projects in their constituency that they think are a priority.

Mr. Schneider: So the Buffalo Trail public schools regional division No. 28 – blah, blah; that's a hard one to get out – identified this as a number one project quite a while ago. You said in your preamble that you engage with external stakeholders, including school boards, to determine the prioritized infrastructure unfunded capital list.

Mr. Mason: No, that's not how we do it.

Mr. Schneider: Okay. I might have put words into your mouth there. I'm sorry.

Mr. Mason: Yeah. I'm certainly willing to meet with any proponent. MLAs have a job to do, to represent their communities and so on. I'm happy to listen to them. It helps inform our choices, but, as you see, we have the criteria. We're trying to move to the degree possible to a more objective way of ranking projects and selecting them, and that's a lot of the work that we're doing, but, you know, you can't entirely remove the social and local needs and the perception on the part of communities and what it is that they need and want. So you can't take the human factor out of it completely, and I don't think that you'd want to.

Mr. Schneider: Fair enough.

A change in topics. I'll talk about the climate and carbon tax for a second. Page 6 of the fiscal plan talks about \$645 million being directed to a provincial agency called Energy Efficiency Alberta. Given that energy efficiency plans would surely impact infrastructure plans, can you comment on how, if at all, this will impact infrastructure initiatives? I just didn't seem to see it in your ministry's five-year plan.

Mr. Mason: Well, hon. member, we have been doing quite a bit of work towards focusing on improving our energy efficiency in the department. Right now we use the LEED silver as a standard. I think there's a perception that that is no longer adequate or sufficient. There are a number of other measures or systems that can be used to evaluate buildings, and we need to also start looking forward in terms of the full life of the building in order to ensure that we are building things in the most energy-efficient way possible and reducing our carbon footprint. We take that quite seriously.

I recently organized a meeting of stakeholders. We had a roundtable of all of the various industrial players, including those with specialized interest and knowledge in environmental infrastructure. That included consulting engineers, the various construction companies, some of the building trades unions. I think we had about 20 or so stakeholders at the meeting, and the whole purpose of the meeting was: how can we work better as a department in order to improve our environmental standards and reduce our energy costs?

The Chair: I hesitate to interrupt. The time allotted has expired.

We'll now proceed with the PC caucus. Would you like to continue going back and forth?

Mr. McIver: Yes, please.

The Chair: Please proceed.

Mr. McIver: Okay. Thanks, Minister. Thanks for being here. Appreciate that. You mentioned a few times, Minister, the Dodge plan. I have it here. I'm making a wild guess, but I'd like you to confirm it. Do you agree with what he says on page 37, that the amount of backlog is there for Health, Advanced Education, and Education departments in deferred maintenance?

Mr. Mason: There's a backlog in deferred maintenance.

Mr. McIver: That there's a backlog.

Mr. Mason: Yes, we do.

Mr. McIver: Can you put a number on the backlog?

Mr. Mason: I'm not sure I can put an exact number. I do know that we've provided a substantial increase in the capital budget for capital maintenance and renewal. Maybe if somebody can help me find that number, I will put it into the record.

Mr. McIver: Okay. Thank you.

Mr. Mason: On page 48 of the capital plan, hon. member, under capital maintenance and renewal, there is an estimate that shows that we'll be bumping up the amount. In fact, the five-year total for this is \$6.2 billion.

Mr. McIver: Yeah. How much of that is for regularly scheduled maintenance, and how much of that is for deferred maintenance that you're catching up on, if you don't mind?

Mr. Mason: Well, hon. member, I think it's fair to say that it is both, but we had been falling farther and farther behind with the amounts. This will allow us to keep about even.

Mr. McIver: So you won't catch up at all?

Mr. Mason: Yeah. It's hard. No. We'd have to put in even more to catch up.

Mr. McIver: Okay. So this isn't even any catch-up, then?

Mr. Mason: Well, it keeps us from going backwards.

Mr. McIver: Okay. All right. That will explain your performance measures on pages 88 and 89, where it has that your percentage of health facilities in good condition will go from 86 per cent in 2014-15 all the way to 86 per cent in 2018-19.

Mr. Mason: Yes.

Mr. McIver: And your percentage in poor condition will double, from 1 per cent to 2 per cent. In school facilities the percentage of schools in good condition actually improves, Minister, from 56 to 61. Congratulations.

Mr. Mason: Thank you so much.

Mr. McIver: And the percentage in poor condition is reduced from 1 per cent down to 1 per cent. In postsecondary the percentage in good condition actually goes backwards, Minister, from 73 per cent to 69 per cent, and the percentage of postsecondary in poor condition actually goes backwards, too, from 2 per cent to 1 per cent. So that's an improvement, fewer in poor condition but, certainly, 4 per cent fewer in good condition. In government-owned facilities the physical condition stays at 75 per cent and in poor condition stays at 1 per cent, so that's consistent with what you said.

Despite your several times talking about how far the previous government was behind, you're spending a lot more money, and you're not able to catch up on it, as it turns out, according to these measurements that are in your plan.

9:10

Mr. Mason: Well, we are certainly keeping it from getting worse, and that's where it was headed in a hurry.

Mr. McIver: Okay. Well, all right. Anyways, apparently, it's staying the same.

Mr. Mason: It's staying the same.

Mr. McIver: Staying the same. Okay. Well, that's interesting to know.

Now, while we're talking about that stuff – on the seniors' beds, my colleague started to talk about it. The previous government had planned to build 2,600 seniors' beds, and the current construction plan is for 2,000 seniors' beds, correct?

Mr. Mason: Uh-huh.

Mr. McIver: Yes?

Mr. Mason: I believe so. Yes.

Mr. McIver: Okay. I just can't hear you; sorry. Okay. Yes. All right. So where are the 600 seniors' beds being reduced from, that the previous government was going to build?

Mr. Mason: Those numbers, hon. member, of course, come from Health and Seniors, and that's their choice. Of course, you know that we are facing a very serious budgetary situation, so we can't do everything that we want to do.

Mr. McIver: Okay. Let's go back to the Dodge report for a minute.

Mr. Mason: Sure.

Mr. McIver: On page 30 it talks about: if the government comes to believe that oil prices will remain low over a full decade, then it should take measures to reduce the net borrowing. It doesn't look like you're reducing the net borrowing. If you don't, it says that "the debt dynamics would become unsustainable." So is your government's belief that the oil prices are going to rise substantially?

Mr. Mason: Well, as you know, hon. member, we base our projections for oil prices on the best available industry information that we can obtain from a number of different sources. Those sources indicate that there will be a slow recovery in oil prices. I believe it's already under way. We hope that that continues. In addition, we've built a risk factor as well into the budget. We believe that the debt being undertaken for infrastructure is sustainable.

Mr. McIver: Okay. All right. You might be a little offside with Mr. Dodge, but we'll move on.

On page 31 of the Dodge report, with the upgraded capital plan, it talks about when your government took over, that the net assets were about \$5 billion and that by 2024-25 under your plan it'll be minus \$25 billion. Is there some point where you'll have to stop building infrastructure, based on the borrowing that you're doing?

Mr. Mason: Well, the intention is that the increase in capital spending is over a five-year period. It's not intended that that is a

permanent increase to capital spending. It's a countercyclical measure, as I've indicated.

Mr. McIver: Okay. Now, how much is the Calgary cancer centre going to cost, please, Minister?

Mr. Mason: We don't have the final number, and if we did, I would not wish to disclose it. As you know as a former minister – and your colleague there is enjoying himself quite a bit here on this question – it has the effect of affecting the bids that you receive. So we don't, as a rule, give clear final numbers on capital plans, on what a given capital project is going to cost, because you can guarantee that if I say that it's worth \$12 billion, that's what the tenders will come in at.

Mr. McIver: Okay. Well, your budget does say, on page 50 in your capital plan details, that the Calgary cancer centre is scheduled to spend \$1.2 billion over the next five years. So are you telling me that it'll be more than that, or is that . . .

Mr. Mason: No. We're hoping it's less than that.

Mr. McIver: Okay. Well, then, that actually leads me to my next question.

If you're going to spend \$1.2 billion by '20-21 and you're hoping it's going to cost less than that, why, after all the money is spent, is the hospital not going to open for another three years, till 2024?

Mr. Mason: That's how long it will take to build it.

Mr. McIver: No. But if you've spent the money – I assume that if all the money is spent, it's built – why would you not put sick people in there for the next three years instead of making them wait three years? I guess that's the question.

Mr. Mason: Well, Alberta Health has to fit it out, has to make sure it's operational. It has to do a number of things after the actual physical structure is completed before it's a fully operable and safe hospital.

Mr. McIver: Okay. So it will cost more than \$1.2 billion, then because if they're fitting it out, presumably that'll cost more money than whatever is spent by then.

Mr. Mason: Potentially, if those are in years outside the capital plan, there may be additional costs.

Mr. McIver: All right. I'm just saying. You can understand why I'm asking the question. You were saying that it's less than \$1.2 billion, yet there are three more years of expenditures before you're letting sick people in. So I think it's a fair question.

Mr. Mason: It is a fair question.

Mr. McIver: Okay. Empty buildings, empty schools, empty government buildings: have you a list of some that you're going to get rid of or sell or lease out to somebody else?

Mr. Mason: Yes. We're always evaluating our space and putting on the market surplus properties that no longer meet our needs.

Mr. McIver: Do you have a list of any?

Mr. Mason: I'm sure there is a list. I don't have it in front of me, hon. member.

Mr. McIver: Could you commit to getting me one if that's possible? We're down to about 20 seconds. Do you mind if I keep asking here, and you can commit to getting that to me later?

Mr. Mason: Okay. We've got 118 properties on the list.

Mr. McIver: Can I see that list by any chance?

Mr. Mason: I think we can provide that.

Mr. McIver: Okay. I've got five seconds, so let me squeeze this question in. The unfunded capital and your capital details: is that all the sunshine we're going to get?

Mr. Mason: Yeah.

Mr. McIver: You answered it. Bless your heart.
Thank you, Minister.

The Chair: I hesitate to interrupt. We will now proceed with the other members.

Greg Clark, leader of the Alberta Party, has joined the committee here. Would you like to go back and forth with the minister?

Mr. Clark: I would if it's all right with the minister. I'd like that very much.

Mr. Mason: Yes.

The Chair: Please proceed.

Mr. Clark: Thank you, Mr. Chair. Thank you, Mr. Minister. It's good being here. I'm going to just jump in with a question here confirming that it is, in fact, your ministry, Infrastructure, that is responsible for the demolition and remediation of the floodway buyout properties. Is that correct?

Mr. Mason: Yes.

Mr. Clark: Okay. I wanted to make sure I had that in Infrastructure and not Transportation. I'll have some questions for you in Transportation later on as well.

I'm wondering, please, if you could provide the committee with an update on the progress of that effort. Do you expect to meet the original schedule, to be complete by September 9, 2016?

Mr. Mason: Yes. Demolition commenced on the first property on April 7. This is Calgary specifically that you're talking about?

Mr. Clark: Yes. There are 17 properties in Calgary.

Mr. Mason: It's expected to take about six months, with substantial completion by September 2016.

Mr. Clark: All right. And that's still the plan; we're still on track there?

Mr. Mason: Yes.

Mr. Clark: Good. So it started on April 7. It's now the 9th of May. How many properties have been demolished to date?

Mr. Mason: We don't have that number right now.

Mr. Clark: Okay. If you could endeavour, please, to get back to the House and myself, it would be very useful.

Mr. Mason: Yeah. We'll provide that to you and to the committee. Yes. Absolutely.

Mr. Clark: I'm curious. When the properties have been demolished and until such time that, as we sincerely hope, they are sold back into the market – I know that's not your responsibility; it falls in the Ministry of Municipal Affairs – will they be secured to prevent unauthorized access or illicit use given that they're in the middle of a residential area? Will they actually be secured, or will they just be open fields?

Mr. Mason: We're going to plant grass.

Mr. Clark: Plant grass. And no fencing or any sort of barriers around the properties at all?

Mr. Mason: We're considering whether or not to fence them, hon. member, but right now we're going to put them to grass.

Mr. Clark: Sure. On behalf of my constituents whose neighbourhood those properties are in, certainly, being along the river, in the summertime there are rafters and others, but even throughout the year there have been on those properties some unauthorized use, so I'd certainly appreciate serious consideration to some sort of fencing or other monitoring to ensure that that sort of . . .

Mr. Mason: I appreciate that, hon. member. I'll take that under consideration.

Mr. Clark: What I am curious about is: now that the province owns these properties, does the province pay property tax to the city of Calgary?

Mr. Mason: I think we give them a grant in lieu for provincial property, don't we? Isn't that right? Yeah. Okay.

9:20

Mr. Clark: Okay. There was a question asked to me by a constituent, which I just wanted to put to you. Is there any delay in demolishing the houses as a result of any dispute between the city and the province around property tax?

Mr. Mason: Oh, I don't think so. Nothing that I've heard of.

Mr. Clark: Okay. Thank you very much.

Mr. Mason: If you have any information around that, we'd love to know it.

Mr. Clark: If I find it, I'll certainly let you know. Thank you very much. I appreciate your answers to those questions.

I'm going to move on to what is called in the fiscal plan unfunded capital projects. I know that's been a big topic of discussion here this evening. I'm curious. The sum total of the unfunded capital projects listed in the fiscal plan: is that what you would consider to be the quote, unquote, infrastructure deficit facing the province, or is there more than just this?

Mr. Mason: I would expect there would be quite a bit more than that. You know, in consideration of this there were different ways to do it, but I was not supportive of any move to put projects on the unfunded capital list if they hadn't been properly evaluated against our criteria. So it's limited to those projects. That does not mean that there are not other projects that have yet to be evaluated that might be approved down the line.

Mr. Clark: Okay. I imagine there have been some questions asked earlier this evening about why none of the projects have any sort of estimated cost associated with them, and I imagine you've

addressed that. But even internally have you calculated the total cost of unfunded projects?

Mr. Mason: No. Unless we do considerably more work in terms of assessing these projects to come up with reasonable cost estimates, I don't think that's possible to do, and we have not done that work.

Mr. Clark: I guess I would hope that the government would be able to quantify what this infrastructure deficit facing our province is. I think we would all agree that there is an infrastructure deficit that has been allowed to grow. I think it would be very helpful for long-term planning purposes to have some sense of what that is quantifiably so that we can all plan appropriately. If that work hasn't been done, would you endeavour to undertake some sort of effort to do that?

Mr. Mason: Well, I certainly can have those discussions with my officials, hon. member. I suspect that it is a very, very difficult task to quantify that. I mentioned a bit earlier this evening that for the additional capital spending over five years, of 4 and a half billion dollars, we received over \$15 billion worth of requests, and I'm sure that that in itself is not even an exhaustive list.

But I will ask for a briefing to be prepared from the department on your question. When I'm satisfied that we have at least a reasonable take on your question, then we can provide that to you and other members of the committee.

Mr. Clark: I appreciate it. If you could table anything along those lines, it'd be very helpful. Thank you very much.

For the projects that have been approved as part of your government's capital plan, do you have any estimates of the operating costs of the capital projects contained in the capital plan?

Mr. Mason: That's a very good question. That's certainly one of the things that we're now trying to do in making decisions about which projects go into the capital plan. I'm not sure we have an actual cumulative number. Okay. We do.

Mr. Clark: Hey. Happy day.

Mr. Mason: The incremental cost of the recommended projects is \$131 million.

Mr. Clark: Okay. Of the total capital plan, the incremental operating cost increase is \$131 million?

Mr. Mason: Of the incremental projects, the new projects, yes.

Mr. Clark: Good. Thank you very much. I appreciate that.

The capital planning process. I just want to come back to the unfunded capital projects and the process itself. David Dodge has said that "decisions to proceed with capital projects have not always taken into account the ongoing requirements to support and maintain [existing] capital [assets]" and that "'iconic projects' which do not necessarily meet the overall [capital and] service requirements" were built in their stead. What changes to the capital planning process have you made that ensure the right projects are being built, as I think was said in the House earlier today, that shovel-worthy, not just shovel-ready, projects are being built?

Mr. Mason: Well, we've revised and standardized the criteria. First of all, at the government of Alberta level we've established three pillars to guide our decision-making process. Those are economic impact, environmental impact, and social impact. Those are the three pillars. Then there are 13 criteria being used across the board

by all departments to evaluate each project, and those criteria are contained in the capital plan.

Mr. Clark: Okay. Thank you very much.

Earlier this year the Alberta Party released a series of recommendations, including the passage of an Alberta public infrastructure act which would include full reporting on operating costs of capital projects in the plan – it sounds like you've adopted that, and that's appreciated – but also that the capital plan would incorporate a debt affordability analysis, more information on the condition of public infrastructure, and more detail clarifying the scope of infrastructure deficit as well as an asset maintenance deficit and better reporting systems. Would you commit to going so far as passing a public infrastructure act or, at the very least, committing to those steps on an ongoing basis?

Mr. Mason: Well, we'll take a look at those steps on an individual basis and make our evaluations, hon. member. Everyone has good ideas, and we can all benefit from that. I know that the previous government would occasionally take our ideas.

Mr. Clark: It feels good when you do.

Mr. Mason: Yeah.

The Chair: I hesitate to interrupt. We will now proceed with the government caucus members.

Would you like to continue to go back and forth with the minister?

Mr. Carson: Yes, I would like to go back and forth with the minister. Thank you, Mr. Chair.

The Chair: Okay. Please proceed.

Mr. Carson: Thank you, Minister and staff, for being here tonight to explain the direction you are going in terms of your capital plan and some of the operating expenses. I can imagine in terms of the projects you've laid out in your capital plan that there was much more you may have hoped to fund, and I'm sure it was not easy to decide your priorities, especially under current economic circumstances. I can say that I'm very happy to see large investments in infrastructure, which we know can be an economic driver and can also keep our communities working. So thank you for that, Minister.

Minister, maintaining an aging infrastructure is important, especially in this fiscal environment, when we must get the most years of service possible for our infrastructure. I see that budget line item 2.2 on page 163 of the estimates under capital payments to related parties shows an increase in funds for health facilities infrastructure. I'm particularly interested to know about the Misericordia hospital in my constituency. My question to you is: what is the government doing regarding deferred maintenance at the Misericordia here in Edmonton?

Mr. Mason: Thank you very much, hon. member, for that question. Our government continues to invest in health care facilities that the province needs. We are committed to maintaining and reviewing health facilities and taking immediate action to provide Albertans with the kind of world-class health care that they deserve. The 2016 capital plan invests nearly \$760 million over the next five years to address identified priority maintenance and renewal projects in health care across the province. Alberta Health Services and Covenant Health determine maintenance priorities and the allocation of funding. Any situation or condition that would impact

patient safety, staff or visitor safety, or facility operation would then be addressed immediately.

In the last five years the government of Alberta has invested \$7.4 million in the Misericordia community hospital and \$13.4 million in the Royal Alexandra hospital for maintenance and renewal. I'm pleased to let you know that the capital plan includes \$10 million in planning funds for each of those two facilities.

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

I'm just wondering. Which budget lines in the estimates document exhibit connections with federal infrastructure funding and the new building Canada fund?

Mr. Mason: There's nothing in the budget dealing with that.

9:30

Mr. Carson: Okay. Thanks, Minister.

On line 4.3 on page 163 of the estimates it shows an increase in the budget for government-owned facilities preservation. Why is this necessary, and how will this money be spent?

Mr. Mason: The 2016 capital plan includes \$393 million for maintenance and renewal of government-owned facilities over the next five years. This represents an overall increase of about \$71 million, or 22 per cent, over last year's plan. The investment is an important initiative as the average age of our government-owned facilities is approximately 40 years. It's prudent to invest now in prolonging the life of these buildings. It not only makes economic sense but environmental sense as well.

Mr. Carson: Thank you, Mr. Chair and hon. Minister.

I was pleased to share inputs and priorities on behalf of my constituents in developing the 2016 capital plan. It was good to see this collaborative approach. I see that line 2.4 on page 162 shows a significant increase in capital planning budgets. Can the minister elaborate on this process?

Mr. Mason: Well, there's an estimate there of \$4.3 million. It relates to planning work for specific capital projects on behalf of other ministries that will be considered in the near term such as the development of a new Provincial Operations Centre, upgrades to research facilities that work to protect the genetic health of Alberta's forest and tree species, renovation and expansion of the Calgary Bow-Crow fire centre, and renovations and enhancements to a facility used to deliver a wildfire management program.

Mr. Carson: Thank you, Mr. Chair and Minister.

Page 48 of the fiscal capital plan shows an increase in investment in postsecondary institutions. Can the minister please elaborate on how Budget 2016 will support these facilities?

Mr. Mason: Give me a minute, please. Budget 2016 invests \$940 million in postsecondary facilities across Alberta. This investment prepares Albertans to become skilled innovators to create jobs in a new diversified economy. It includes \$248 million for the University of Lethbridge destination project, \$101 million for NorQuest College expansion and retrofit, \$80 million for the NAIT Centre for Applied Technology, \$77 million for the University of Calgary Schulich School of Engineering, \$47 million for Mount Royal University library and learning centre, \$24 million for the Lethbridge College trades and technology renewal and innovation project, \$20 million for the Red Deer multiplex project, \$17 million for the University of Calgary MacKimmie complex and professional building, \$16 million in Keyano College campus upgrades, \$10 million for MacEwan University city centre campus,

and \$300 million for future postsecondary projects over the next five years.

In addition, the funding for deferred maintenance has been increased to \$770 million to address the priority maintenance needs of our institutions.

Mr. Carson: Thank you, Mr. Chair and Mr. Minister.

The old Royal Alberta Museum sits on a beautiful site that overlooks the river valley. Last December it opened its doors to give Albertans one last chance to see all of its galleries before it moves downtown. My question is: what will happen to the old Royal Alberta Museum site?

Mr. Mason: Well, I think there has been quite a bit of public discussion about that, unfounded concerns that the government was going to be moving to demolish that site. We know that it's going to take two years to move the exhibits to the new site. So work will continue as the museum will continue on the current site until that time. We will be consulting with the community in our assessment of what potential uses might be found for that building. No decisions of any kind have been made regarding its future as a building for whatever purpose.

Mr. Carson: Thank you, Minister.

The new location for the Royal Alberta Museum in downtown Edmonton: I'm just hoping that you can give us a status update on this project.

Mr. Mason: What would you like to know?

Mr. Carson: How much it's going to cost, maybe.

Mr. Mason: It's in the budget. The cost is \$375.5 million. It is on time and on budget. That includes \$122.5 million committed by the government of Canada. It will have 36,000 square metres, including an interactive children's pavilion and galleries for international exhibitions. It has enough space to display artifacts from both the museum's human history and natural history collections. Construction is on schedule, to be completed by August of this year, with museum staff then beginning the process of moving exhibits from the old museum as well as building new exhibits. It is anticipated that the new museum will open to the public in late 2017.

Mr. Carson: Thank you, hon. minister.

Key strategy 1.3, on page 88 of the ministry's business plan, talks about balancing the expansion of new facilities with the preservation of existing infrastructure. Can you tell us how your department is planning to achieve this?

Mr. Mason: Well, overall, as I mentioned earlier, hon. member, we have increased the capital maintenance and renewal budget significantly – the hon. leader of the third party had asked some questions with regard to that – which will allow us to keep even with the maintenance needs. We were falling further and further behind. So when we look at whether or not we need to build a replacement facility or a new facility, we'd look at utilization, condition, functionality.

The Chair: I hesitate to interrupt.

We will now repeat the same rotation, going with the Official Opposition caucus. Would you like to continue going back and forth with the minister?

Mr. Schneider: Mr. Chair, I will give my time to the Cardston-Taber-Warner member.

The Chair: Sounds good. Please proceed.

Mr. Hunter: Thank you. Mr. Minister, I've got two questions for you, really quickly. My first question. In Alberta there are two provincial parks that don't have paved roads to them. One just happens to be in my riding, the Police Outpost. I talked to you about this just before Christmas. I turned to your deputy minister and said: find the money. I've looked through as much as I can in this capital budget, and I don't see it anywhere.

Mr. Mason: It's got to be a different minister, hon. member. You'll have to ask the Minister of Transportation that question.

Mr. Hunter: That's true. I just want to make sure it's on your radar.

Mr. Mason: Well, it is now.

Mr. Hunter: The second question. The Blood reserve is the largest reserve in Canada. Its population is growing, and its needs are growing. It is right on the border of Cardston, so this is the hospital that it would use. The Cardston hospital used to be on an A list as one of the hospitals that need to be replaced as it is long past its span. Do you know whether or not Cardston is going to get back on the A list again? Do you think that that would actually serve the people of the First Nations as their needs increase?

Mr. Mason: Well, you know, I'm sorry to be passing the buck here, but the Minister of Health and the Health department determine those priorities, and then they are reflected in our capital planning process. I am not qualified to make an assessment as to the needs for that health facility. When we hear the priorities from the Health department, then we'll respond to the best of our ability.

Mr. Hunter: All right. Thanks very much. I'm going to turn the time over to my colleague from Battle River-Wainwright.

9:40

Mr. Taylor: Thank you, Minister. Thank you, Chair. Last year when we were going through estimates, you said that "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." That was something you told me last year. Where does the Wainwright facility now sit? I can't seem to find it anywhere. Can you show me in the budget where this sits?

Mr. Mason: Well, I think that, again, you're going to have to ask the Department of Health. They're the ones that determine the priorities for hospitals, not our department. We just build them.

Mr. Taylor: You said last year that it was a part of that. You are the one that told me that it was a high priority.

Mr. Mason: Well, I don't recollect the exact conversation that we had, but I will undertake to try and find out where it is in terms of that and get back to you.

Mr. Taylor: If you can find that for me, I would really appreciate knowing where the Wainwright hospital now sits.

I will turn my time over to our Member for Little Bow.

Mr. Schneider: Thank you. Page 5 of the fiscal plan outlines a \$30-per-tonne carbon tax on fuel. Given that there's plenty of gas and diesel used in construction and transportation, does your proposed capital plan account for the increased costs to construction that will result from the carbon tax, basically fuel? There's a lot of fuel used.

Mr. Mason: Hon. member, we continue the process of having open tenders for construction projects, as I previously indicated. Notwithstanding any impacts that might occur as a result of the carbon levy – admittedly, there would be some – we're expecting prices to remain somewhat lower than they have historically been, and we continue to believe that this is a great time to build infrastructure.

Mr. Schneider: So the costs for construction you believe will be lower than they have been in the past even though there is what I would call a hefty increase in fuel for operating machinery to complete construction?

Mr. Mason: That's my expectation. I'm not sure that that flow-through analysis has been completed, though.

Mr. Schneider: Do you expect to do one in your ministry?

Mr. Mason: Yeah, I do.

Mr. Schneider: Okay. Do you have any idea of what the timeline might be on that?

Mr. Mason: I don't know how long that's going to take.

Mr. Schneider: Okay. I'm just going to go to what may be considered lapses in the last budget. Does your department yet have any indication of how much of the estimates we voted on six months ago has lapsed? There doesn't seem to be an indication, or at least I can't pinpoint one.

Mr. Mason: It's a little bit of a complicated answer. The total in 2015-16 that we expect to lapse is \$253,494,000. There is close to \$148 million unallocated, so the net lapse is \$105,590,000.

Mr. Schneider: Okay. Thank you very much.

Can I ask which line item lists deferred maintenance for schools if there is one? A FOIP request in 2013 – I'll just go through this – showed your department's estimates to be approximately \$817 million. I think we talked about this in your office in March. Is the entirety of this reflected in the \$1.1 billion for schools mentioned on page 47 of the fiscal plan?

Mr. Mason: Sorry. Could you repeat that?

Mr. Schneider: Sure. Approximately \$817 million, I believe, was what the FOIP request in 2013 showed. That would have been the total for deferred maintenance for schools at that time. Is the entirety of this reflected in the \$1.1 billion? On page 47 of the fiscal plan you show \$1.1 billion in deferred maintenance for schools. It was \$817 million in 2013.

Mr. Mason: Okay. Approximately \$1,093,000,000 is the amount that is budgeted for capital maintenance and renewal for schools over five years.

Mr. Schneider: And is that all for deferred maintenance?

Mr. Mason: Some is current; some is deferred. School boards will allocate the funding to their highest priority maintenance items, and that will include some deferred maintenance and some current maintenance. That's for the school boards to allocate.

Mr. Schneider: Okay. I think we talked about this in your office, too. Edmonton public had said that their deferred maintenance is a billion dollars. The Calgary board of education has stated publicly that they believe their deferred maintenance is a billion dollars. So

now we're at \$2 billion just for the public school boards within the cities. Do the estimates reflect any deferred maintenance that may be identified by school boards but not yet perhaps by Infrastructure?

Mr. Mason: Sorry. I didn't quite follow that question.

Mr. Schneider: Do the estimates reflect any deferred maintenance that may be identified by school boards but perhaps not yet by Infrastructure?

Mr. Mason: Oh. I would not want to leave the impression that the amount of money that we've allocated for deferred and current maintenance is sufficient to fix the whole system. It's not.

Mr. Schneider: I see. So there is no . . .

Mr. Mason: But as you know, we have some financial difficulties at the present time.

Mr. Schneider: Oh, I heard that. I think I heard you say that here a few minutes ago. Yeah.

Mr. Mason: We're trying to control spending.

Mr. Schneider: Understood. Okay.

I'm not going to get another question, so I'll cede my time.

The Chair: All right. Well, we'll now proceed with the third-party caucus. Would you like to continue to go back and forth?

Mr. Drysdale: Yes, please. I'd like to go back and forth, and I'll share my time with my colleague on the right. I'm just going to start with a few comments about what I've heard here tonight and then get to some questions, and you can respond to my comments.

Surprisingly enough, we agree on a few things that you've said, so I'm just going to point that out. First, you know, I totally agree with what you said about new procurement methods. You said that you've met with stakeholders. I think that I probably met with the same stakeholders, and I think you're on the right path there. I won't get into any of the details tonight. You're on the right path there for sure, so thank you for that.

You know, I'm not so sure if I agree with you on your school projects, reporting this online. You have there – I went and looked – the right idea, but it's similar to what we had. The system that we had before that the department had come up with was an excellent one, and the one you have now is not quite – it's not updated, and it doesn't have all the details that the old one had. The department had a good one before if you want to look at that. It was a little better, more detailed, more up to date. It's the right idea; it just needs a little improvement.

You're right on as well with the LEED silver. You know, I agree that we need some standards. LEED is a U.S. accreditation. It's something like the Earls and Alberta beef thing. I mean, I think we could have our own accreditation here instead of . . .

Mr. Mason: I'm not sure that I accept your analogy a hundred per cent, but okay.

Mr. Drysdale: Okay. A couple more, and I'll let you comment, and then I'll go back to questions.

You know, your opening remarks on green energy, being instructed to use a hundred per cent green energy in the government buildings: that's right, but that's something that we were doing before. That's not something new. Our government was a hundred per cent green energy before.

Mr. Mason: Do you . . .

Mr. Drysdale: Two more, and then you can respond.

Mr. Mason: Yeah. Okay.

9:50

Mr. Drysdale: I guess the last one is some of your comments on the Grande Prairie health facility there, their new regional hospital. I think I probably had more heartburn over that than you will, but I agree with you that that project wasn't done the way projects should be done. At the same time some of your comments about, you know, it being too large and not built right: I mean, it's actually come in a lot higher than the original cost, and I agree that even the original cost was too high. But as you said before – you know, you contradicted a little bit – you're not qualified to make health decisions, so Health decides what needs to get built. I argued with them at the time that it didn't need to be that large, but AHS are the experts, and they said that that's what was needed. The Infrastructure minister, as you said, builds what they ask for.

I would caution about going to Grande Prairie and saying that we're building something too large for that community because in the cancer corridor from the south to the north every one is done but Grande Prairie's. It would be nice if we can get cancer treatment in our region.

I'll leave it at that, and I'll let you comment on them before I go on to questions.

Mr. Mason: Okay. Just in terms of – you know, there has been a change in how we're purchasing green energy. Previously what was done was simply to purchase carbon credits. We're actually going to make sure that the energy that we get is actually generated energy here in Alberta.

Mr. Drysdale: That's what we did. We bought green from a wood plant in Grande Prairie, so that's – and you can comment on that.

Mr. Mason: Okay. I stand corrected.

What would you like me to comment on, hon. member?

Mr. Drysdale: I'll turn it over to my colleague.

Mr. Mason: I mean, mostly you kind of agreed with what I said, so I have nothing much to add.

Mr. Drysdale: Except for Grande Prairie: leave it to the health experts to . . .

Mr. Mason: Well, yeah. We want to make sure that all the facilities, all the services that are medical facilities that are needed for Grande Prairie are there, and we are doing that. I think the shell of the building might be a little bit too big for that.

Mr. Drysdale: Okay.

Mr. McIver: Minister, on the green electricity: are you buying some of it from CNRL by any chance, or do you know?

Mr. Mason: No.

Mr. McIver: Okay. The unfunded capital list that you have: I appreciate that it's fresh off the press, but I know that there's new information coming in all the time. Are any of the unfunded capital projects listed here destined to be funded that you know of already?

Mr. Mason: We hope that they all will be, eventually, hon. member.

Mr. McIver: In the next three years, perhaps, Minister?

Mr. Mason: No. I mean, that's why they're on the unfunded list.

Mr. McIver: Okay. Deerfoot Trail: you've been talking with the city of Calgary about giving that back to them?

Mr. Mason: Yes. The Transportation minister has.

Mr. McIver: Okay. All right. We'll talk to that scoundrel when we get a chance in future meetings.

Mr. Mason: I'm sure he will be very fulsome in his answers to you.

Mr. McIver: Okay. People that I know in the real estate business tell me that this would be a good time, when you're outfitting the province with affordable housing, to be buying current stock rather than building because with the current weakness in the market you could probably buy it per unit a lot cheaper than you could build it. Are you contemplating that, Minister?

Mr. Mason: That's an interesting idea.

Mr. McIver: I guess you are now, then.

Mr. Mason: We are now.

Mr. McIver: Is your answer that you just started contemplating it?

Mr. Mason: I don't know if it's been contemplated in the department, particularly.

Mr. McIver: Okay. Well, some pretty smart people in that business told me that you should be, so I would be grateful if you would. I think you just agreed to look at it, at least.

Mr. Mason: Yep. I don't mind doing that.

Mr. McIver: Okay. Realty services looks like it will take almost an \$11 million haircut this year and another \$13 million cut next year, on page 90. Why are you cutting that service when you've got so many buildings to sell? I mean, it's in the estimates: \$11 million this year, another \$13 million next year. Realty services.

Mr. Mason: Could you give us a page number, hon. member?

Mr. McIver: Page 90 of the business plan, capital investment, second line from the bottom.

Mr. Mason: Here we are. The 2017-18 and 2018-19 targets decreased by \$13 million and \$11.8 million respectively compared to the 2016-17 estimate due to reprofiling of funding from 2015-16 for planned property acquisitions in 2016-17. The decrease in 2018-19 is partially offset by the anticipated commencement of the Parsons Creek west interchange project in 2018-19.

Mr. McIver: Okay. Thank you.

From the allocations on page 45 of the capital plan it looks like sports, arts, recreation, and culture; family, social supports, and housing; and adult education and skills are the lowest priority items, with a total of 6 per cent of the allocated funding. It makes me wonder, when tourism, for example, is a pretty major thing and recreation and culture. Are we adequately funding those things? Do you have anything to add on that, Minister?

Mr. Mason: I think it's actually up a little bit over the previous years, hon. member. It's always formed a very small component of the overall capital spending.

Mr. McIver: Okay. So did you make any changes to how the envelope was allocated?

Mr. Mason: Well, again, we are relying on the ministry of culture for the development of priorities with respect to that.

Mr. McIver: All right. Let's move to page 46 if you don't mind, please, Minister.

Mr. Mason: Are you interested in the projects, though, hon. member?

Mr. McIver: In the 40 seconds remaining if you could try to squeeze it in.

Mr. Mason: The expansion of the Calgary Zoo will provide for the pandas to come to Calgary, so that's a high priority. Fort Edmonton Park: a major indigenous display is there. We've got other parks projects, implementing the lower Athabasca regional plan and the South Saskatchewan regional plan, the Royal Alberta Museum, the Tyrrell Museum of Palaeontology, and so on. So there are . . .

Mr. McIver: Okay. Last one in my last six seconds. The \$9 million for GOA expense on page 49: can you explain anything about that? [A timer sounded] I guess not.

The Chair: I hesitate to interrupt the hon. member, but the final two minutes will be allocated to the government caucus. Please proceed.

Mr. Carson: Thank you, Mr. Chair. Thank you again, Minister. I know that it's very early in the process to understand the full extent of the damage in need of repair in the Fort McMurray community, and I realize that it's not in the estimates – it's happened very recently – but I'm hoping that you can share with us how your ministry will be supporting the rebuilding of this incredibly important community into the future.

Mr. Mason: Well, thank you very much for the very timely question, hon. member. I wish I had more than a couple of minutes to respond. We're doing everything we can to keep Albertans safe and to support them. Our role is to support other ministries with the recovery and the rebuilding of the community. We're actively engaged as part of the Provincial Operations Centre, and we are updated. Once the fire is under control, we'll confirm the status of our public infrastructure. It appears that that public infrastructure may be somewhat less damaged than we thought, but I think it's very early to say.

We have some observations from satellite: the provincial building is standing; the airport seems to be okay; the Northern Lights regional health centre is standing; the courthouse is standing; the Oil Sands Discovery Centre is standing; Keyano College is standing; the youth assessment centre is standing; 19 schools are standing. So I think that's a piece of good news, that key infrastructure in Fort McMurray has been preserved through the fire. I think that the downtown area as well – it's more than government buildings, obviously – has remained.

Of course, we have to do assessments on all of the buildings to make sure that structurally they are still sound, and we have to do much more detailed inspections. There may be damage that's not apparent from a satellite image. But that work is beginning and will continue over the next period of time as part of our efforts to ensure that the city is safe and that people can start to return and maintain safety.

So I'm very pleased. I want to thank not just my department people but all of the government of Alberta employees that have been involved. It's been tremendous work and very valuable.

The Chair: I apologize for interrupting, but I must advise the committee that the time allotted for this item of business has concluded.

I would like to remind the committee that our schedule has changed. We are now scheduled to meet on May 11, 2016, to consider the estimates for Advanced Education.

Thank you, everyone. The meeting is adjourned.

[The committee adjourned at 10 p.m.]

