



Legislative Assembly of Alberta

The 30th Legislature
Fourth Session

Standing Committee
on
Alberta's Economic Future

Ministry of Infrastructure
Consideration of Main Estimates

Thursday, March 16, 2023
9 a.m.

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Fourth Session**

Standing Committee on Alberta's Economic Future

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Standing Committee on Alberta's Economic Future

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Ministry of Infrastructure

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Dale Beesley, Assistant Deputy Minister, Properties

Ghassan El-Chazli, Assistant Deputy Minister, Capital Projects Delivery

Mary Persson, Deputy Minister

9 a.m.

Thursday, March 16, 2023

[Mr. van Dijken in the chair]

**Ministry of Infrastructure
Consideration of Main Estimates**

The Chair: Good morning, everyone. I would like to call the meeting to order and welcome everyone in attendance. Hon. members, before we begin our meeting considering the main estimates of the Ministry of Infrastructure, I would like to suggest we take a moment of silence to remember the two members of the Edmonton Police Service who were killed in the line of duty early this morning. Our thoughts are with the families of the officers who were killed and the entire law enforcement community, who are grieving this loss. Thank you.

The committee has under consideration the estimates of the Ministry of Infrastructure for the fiscal year ending March 31, 2024.

I'd ask that we go around the table and have members introduce themselves for the record. Minister, please introduce the officials who are joining you at the table when it becomes your turn. My name is Glenn van Dijken. I'm the MLA for Athabasca-Barrhead-Westlock and the chair of this committee. We will begin, starting to my right.

Ms Goehring: Good morning. I'm Nicole Goehring, MLA for Edmonton-Castle Downs and the deputy chair of this committee. Welcome, Minister.

Mrs. Allard: Good morning. Tracy Allard, MLA for Grande Prairie.

Mr. Rowswell: Garth Rowswell, MLA for Vermilion-Lloydminster-Wainwright.

Ms Rosin: Miranda Rosin, MLA for Banff-Kananaskis.

Mr. McIver: Ric McIver, Calgary-Hays.

Mr. Walker: Jordan Walker, MLA for Sherwood Park.

Mr. Stephan: Jason Stephan, MLA, Red Deer-South.

Mr. Neudorf: Good morning, committee. Nathan Neudorf, MLA for Lethbridge-East. At the table with me to my left is Dale Beesley, assistant deputy minister of properties; to my right, Mary Persson, deputy minister, and Dale Fung, assistant deputy minister of finance.

Mr. Carson: Good morning. Jon Carson, MLA for Edmonton-West Henday.

Member Loyola: Good morning. Rod Loyola, MLA for Edmonton-Ellerslie.

The Chair: Good. Thank you.

I'd like to note the following substitution for the record: Ms Rosin for hon. Ms Armstrong-Homeniuk.

A few housekeeping items to address before we turn to the business at hand. Please note that the microphones are operated by *Hansard* staff. Committee proceedings are live streamed on the Internet and broadcast on Alberta Assembly TV. The audio- and videostream and transcripts of meetings can be accessed via the Legislative Assembly website.

Members who wish to be placed on the speakers list should signal to the chair. Please set your cellphones and other devices to silent for the duration of the meeting.

Hon. members, the standing orders set out the process for consideration of the main estimates. A total of three hours has been scheduled for consideration of the estimates for the Ministry of Infrastructure. Standing Order 59.01(6) establishes the speaking rotation and speaking times. In brief, the minister or member of Executive Council acting on the minister's behalf will have 10 minutes to address the committee. At the conclusion of the minister's comments a 60-minute speaking block for the Official Opposition begins, followed by a 20-minute speaking block for independent members, if any, and then a 20-minute speaking block for the government caucus. Individuals may only speak for up to 10 minutes at a time, but speaking times may be combined between the member and the minister.

After this, speaking times will follow the same rotation of the Official Opposition, independent members, and the government caucus. The member and the minister may each speak once for a maximum of five minutes, or these times may be combined, making it a 10-minute block. Members, when determining between block time and combined time, we will proceed with either block or combined time throughout the entirety of the speaking block that's determined at the beginning of the speaking block. Members will be able to cede their time to their colleague, but remember that the time will continue as either block time or combined time. If members have any questions regarding speaking times or the rotation, please send an e-mail or message to the committee clerk about the process.

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 the break? Seeing none, we will try and have that at about the midpoint of the meeting.

Ministry officials may be present and, at the direction of the minister, may address the committee. Ministry officials seated in the gallery, if called upon, have access to a microphone in the gallery area and are asked to please introduce themselves for the record prior to commenting. Pages are available to deliver notes or other materials between the gallery and the table. Attendees in the gallery may not approach the table. Space permitting, opposition caucus staff may sit at the table to assist their members; however, members have priority to sit 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 the committee will adjourn.

Points of order will be dealt with as they arise. Individual speaking times will be paused; however, the speaking block time and the overall three-hour meeting clock will continue to run. Any written material provided in response to questions raised during the main estimates should be tabled by the minister in the Assembly for the benefit of all members.

The vote on the estimates and any amendments will occur in Committee of Supply on March 16, 2023, today. Amendments must be in writing and approved by Parliamentary Counsel prior to the meeting at which they are to be moved. The original amendment is to be deposited with the committee clerk with 20 hard copies. An electronic version of the signed original should be provided to the committee clerk for distribution to committee members.

Finally, the committee should have the opportunity to hear both questions and answers without interruption during estimates debate. Debate flows through the chair at all times, including instances when speaking time is shared between a member and the minister.

I would now invite the Minister of Infrastructure to begin with your opening remarks. You have 10 minutes, Minister.

Mr. Neudorf: Thank you, Chair. I'm pleased to present Alberta Infrastructure's estimates for the 2023-24 fiscal year and our 2023-26 business plan. Just to reiterate, with me at the table are Mary Persson, my deputy minister; Dale Beesley, assistant deputy minister of properties; and Dale Fung, assistant deputy minister of finance. Also, in the public gallery are my chief of staff, Bryan Rogers, and other ministry representatives.

Budget 2023 secures Alberta's future by growing the economy, creating good-paying jobs, strengthening health care and education, and keeping communities safe. My ministry is helping secure Alberta's future as a leader in the delivery of Budget 2023's capital plan. Over the next three years the 2023 capital plan will invest nearly \$23 billion into priority capital projects. This is an increase of \$2.8 billion, or 14 per cent, compared to 2022's capital plan. Of this total three-year investment, Infrastructure's portion is \$5.4 billion, or 23 per cent.

Infrastructure's capital plan has also increased by \$565 million, or 12 per cent. Together with our government and industry partners we are working to provide the infrastructure Alberta families and communities need while supporting many thousands of jobs related to planning, design, and construction.

A few accomplishments achieved by the department in the current year, 2022-23, include the substantial completion of the world-class Calgary cancer centre in November 2022. To give you an idea of how long it takes to build a project of this magnitude, please consider that I'm the eighth Minister of Infrastructure since the project was announced and that Premier Smith is the fifth Premier since the project began. This is the largest dollar value project ever delivered by Infrastructure, with a total project cost of more than \$1.4 billion. I'm proud to say that my ministry delivered the project on time and on budget.

The functional programming for the Red Deer hospital project is well on its way to completion, which is a huge achievement for that project. The request for proposal for the prime consultant recently closed and is under review. This is significant because the prime consultant leads the design of the new hospital, which is the next major milestone for the project. My government will announce the prime consultant prior to the election.

Building upon these accomplishments, the department continues to build, renew, and maintain public infrastructure like school, health, and government facilities that are guided by Infrastructure's 2023-26 business plan. Our efforts are also supported through Infrastructure's '23-24 estimates, totalling almost \$2.2 billion.

Of our budget total, the majority, \$1.7 billion, is in the capital investment vote. This is an increase of about \$317 million, or 23 per cent, from the 2022-23 forecast. This increase is mainly the result of additional funding received to deliver approved school, health, and government facility projects. Capital projects' cash flows are fine-tuned as projects progress from planning through construction.

Funds in the capital investment vote align with desired outcome 1 of Alberta Infrastructure's business plan, which is "innovative, adaptive and responsible infrastructure solutions that meet current and future provincial needs." This outcome reflects Infrastructure's role in the timely, cost-effective planning, design, and construction of public facilities that are necessary to support the delivery of government programs and services.

The majority of our capital investment is split between health facilities and school infrastructure. Our health facilities infrastructure budget, \$2.8 billion over three years, is dedicated to building new health facilities, renewing existing ones, and investing in health capital maintenance and renewal. This includes more than 20 major health projects under way in planning, design, or construction.

Budget 2023 is providing \$634 million over three years for the Edmonton hospital project, the largest health care project listed in the capital plan.

9:10

Project activities are ongoing and include the following: work site related material deliveries, pipeline integrity testing, pipeline surveys for crossing agreements, and installation of the infrastructure for water, sewer, natural gas, and electrical services.

We are working to finalize and affirm the functional program, a multipurpose document that describes in detail the proposed services to be addressed in the capital project. A functional program is mission critical. It must be done before a project can go into the design phase. It cannot be overstated how much planning work is required for a project of this size and complexity. A functional program translates the clinical needs, including required services and programs, into spatial requirements, taking into consideration the movement of patients, doctors, nurses, and staff through each area of the facility.

Therefore, functional programming involves all partners, particularly clinical service providers like nurses and doctors, patient and family groups, including the Wisdom Council, Alberta Health Services, Alberta Health, and Alberta Infrastructure. The space allocations are fundamental to the subsequent design process, which, in turn, examines many aspects, including circulation of people across the facility as well as the necessary service adjacencies to be best laid out. For example, certain services like an MRI need to be in close proximity to the other services in patient areas it needs to serve. If a functional program is not well developed, the very functionality of the health facility would cause operational issues down the line, which risks less than optimal service delivery.

This project was announced in 2017 and added to the capital plan before the business case and planning for the project were complete. It is impossible to begin construction on a hospital without knowing exactly what you're going to build first. My government is finalizing the planning for this project and is committed to delivering a new, state-of-the-art hospital in south Edmonton. The lack of a business case in itself meant that defining the parameters within the functional program was challenging for the various teams that participated in its development. It cannot be stressed hard enough that sidestepping any planning phase, from a comprehensive needs assessment through a strong business case leading into a well-developed functional plan, invariably leads to serious ramifications during the design and construction phases. Those behind-the-scenes, critical phases are what define a successful and delivery-optimized project, especially for a complex and large health facility like the south Edmonton hospital.

To that end, we are also in the early planning stages for a new Stollery hospital, which will add additional health care capacity in the capital region. Infrastructure's health facilities budget also provides funding for other projects this year, including renovations to the renal dialysis program in Chinook regional hospital in Lethbridge, planning funds for proposed projects such as a new Cardston health centre, a Strathcona community hospital expansion, a consolidated model of services for a north Calgary/Airdrie regional health centre project, that would accommodate both urgent care and wellness services in one location.

Increased funding is also provided for health projects, including recovery communities and additional Alberta surgical initiative projects, throughout Alberta; \$529.4 million is allocated over the next three years to cover the costs of repairs, upgrades, maintenance, and replacement of building systems and building service equipment for various health facilities.

Our school infrastructure budget, \$1.6 billion over three years, is dedicated to constructing new facilities, modernizing existing schools, and investing in school capital maintenance. Infrastructure works with Education and school boards to deliver an additional \$371.7 million approved in Budget 2023. This additional funding supports 33 school projects throughout Alberta for the construction, modernization, and design work to support school building priorities. This includes the construction of a new K to 6 school in west Lethbridge and building a replacement school for l'école Good Shepherd school in Okotoks as well as to support public charter school expansion projects such as the charter hub in Calgary. Currently Infrastructure is managing 52 school projects. These projects are creating thousands of jobs and ensuring Alberta students have access to world-class learning facilities.

Infrastructure is also delivering 12 government facility projects and many capital maintenance and renewal projects of government-owned facilities. Funding includes \$287.4 million over three years in government facilities infrastructure that is allocated for construction of facilities such as the new Red Deer justice centre, the Canmore Nordic Centre with infrastructure upgrades, and the Yellowhead Youth Centre in Edmonton as well as \$584.3 million over three years to property management, which includes maintenance and renewal for government-owned facilities and government accommodation projects that help maximize efficiency and reduce our overall footprint.

Infrastructure also supports desired outcome 1 of our business plan by working to ensure we get the best value for taxpayer dollars in every way we can. This includes my ministry's work to lead the government's effort to ensure Alberta gets its fair share of federal funding to help build the province.

Alberta Infrastructure has been instrumental in securing billions in federal funding. Through the investing in Canada infrastructure program, or ICIP, my government has secured \$3.66 billion in federal money to support infrastructure projects that strengthen the economy and build resilient communities. To date more than 200 projects or project bundles in over 30 Alberta constituencies have been approved.

Looking at Infrastructure's '23-24 expense vote now, which is \$477 million, this is an increase of \$25 million, or 5.5 per cent, from the 2022-23 forecast. This difference is mainly due to additional funding for maintenance projects for government facilities.

The establishment of a renewed facility evaluations program will provide services to client ministries and support government of Alberta entities. This government-wide program for vertical assets will allow for regular and consistent evaluations of owned and supported infrastructure.

About 90 per cent of all operating expense is devoted to the management of government space, the most significant components being for leases and property management. Much of this budget is contractually committed. Infrastructure's expense vote mainly supports desired outcome 2 of our business plan, which is: "Alberta's public infrastructure is effectively and responsibly managed and sustainable."

The Chair: Good. Thank you, Minister.

For the hour that follows, members of the Official Opposition and the minister may speak. Hon. members, you will be able to see the timer for the speaking block both in the committee room and on Microsoft Teams. Members, would you like to combine your time with the minister's?

Member Loyola: Would you be all right with combining time?

Mr. Neudorf: I am. Yes.

Member Loyola: Perfect.

The Chair: You may proceed, MLA Loyola.

Member Loyola: Thank you very much. Well, first of all, thank you very much, Minister, for being here today and being accompanied by your deputy minister and other staff. It's greatly appreciated that you're here today. Of course, with the line of questioning, I want to let you know that I'm not here to play politics. I'm not here to do any of that. What we're here for is transparency, asking questions for the people of Alberta. Okay. I just want to make sure that we're on the same page on that. We're all here to serve the people of Alberta, right?

I'd like to start off with the strategic plan that you have, actually. In the strategic plan, under actions, you talk about reliable high-speed Internet by 2026-2027 and "ensuring that rural, remote, and Indigenous communities are included in the province's economic prosperity." Where exactly is that in the government estimates that you have provided?

Mr. Neudorf: Could you just share the page number for that?

Member Loyola: My apologies. Page 10 of the strategic plan. Priority 1, objective 3: "Building Alberta. To better serve Albertans and support Alberta's economy." So "key infrastructure developments that support communities, attract investment, and create jobs."

Mr. Neudorf: My staff is informing me that is in the government strategic plan, but that particular item would be in the ministry of technology, so that's not . . .

Member Loyola: Oh, okay. No problem.

Mr. Neudorf: We're just not able to provide that answer, unfortunately.

Member Loyola: Okay. So I assume the rural electric program also fits under that.

Mr. Neudorf: Yes.

Member Loyola: Okay. No problem at all. No problem at all.

Minister, now I'm going to look at page 132 of the government estimates general revenue fund, specifically the government facilities preservation, line 3.3, for 2022-2023. The forecast was \$9.6 million, and this year you have \$25 million. Could you please give us some more detail on the increase to this line item?

Mr. Neudorf: Certainly. Thank you very much, Member, for that question. The government-owned facilities preservation: the \$9.6 million increase from the 2022-23 budget to forecast is due to funds being moved in-year from capital grants to operating expense to align with expenditure reporting. The total expense is unchanged. There's also a \$15.4 million increase from the 2022 to 2023 forecast to the estimate, which is primarily due to additional funding allocated for government facilities maintenance projects.

9:20

Then just to summarize, the change represents a shift of approximately \$30 million per year from the capital plan to the operating expense budget. This change establishes baseline funding of \$25 million for CMR, or capital maintenance and renewal, and \$5 million for accommodations under operating expense to continue delivering on projects that are not recorded as capital as they had been budgeted in the past. So it's more of an accounting change and where that's represented.

Member Loyola: Okay. So then, if you don't mind, I'm just wondering how you go into prioritizing the facilities preservation. Like, how does that whole process go about?

Mr. Neudorf: Sure. Thank you very much. Yeah. Excellent question. We're just going to pull up that answer.

I don't know if the member would like to ask another question while we pull that information up.

Member Loyola: Yeah. You talked in your opening about 12 government facility projects, one of them being the Red Deer justice centre. Could you tell us: what are the other 11 government facility projects that are currently part of the plan for this year's estimates?

Mr. Neudorf: All right. Thank you. I'll just make sure we have the government facilities. Here we go. We have the community corrections security assessment planning: that's \$2 million over two years. Correctional facilities planning: the capital plan provides funding for \$3.5 million over three years. The Court of King's Bench and provincial courthouse signage planning: the capital plan provides funding for \$200,000 in 2023-24. The Grande Prairie courthouse expansion new building planning: this project includes funds to determine options for expansion of the Grande Prairie courthouse, \$750,000 in this fiscal year. The office of the Chief Medical Examiner expansion new build planning in Edmonton: the capital plan provides funding for \$500,000 for this project. The Red Deer justice centre additional courtrooms planning: the capital plan provides funding for \$200,000 in this fiscal year. The Reynolds-Alberta Museum, the storage warehouse in Wetaskiwin: there's some planning; capital plan provides funding of \$1 million in this fiscal year. Infrastructure will work with Culture to deliver this project.

Increased funding for approved government facility projects. The Edmonton law courts planning: this project includes planning and functional programming to support the redevelopment of the new facility for the Edmonton law courts. The capital plan provides additional funding of \$2.5 million in this fiscal year for a total of \$3.2 million. The Sherwood Park courthouse planning: \$1 million this fiscal year for a total of \$1.5 million.

There are some key government facility projects, which I mentioned in my opening speech, which are: the Red Deer justice centre, \$83.4 million, to be completed this calendar year; \$14.9 million for the Canmore Nordic Centre, to be completed in the winter of 2024; \$49.2 million for the Yellowhead Youth Centre, completion date cannot yet be determined, actually, until the project is mobilized; \$63.5 million for the Court of Appeal in Calgary, completion date not yet determined; \$22.1 million for the office of the Chief Medical Examiner in Calgary, and that one is ongoing as well.

Hopefully, that answers your second question.

Member Loyola: Again, Minister, if you don't mind, then how does your ministry go about prioritizing these projects? At the end of the day, they're providing a service for Albertans, so just wanting to get your – how do you go about doing this?

Mr. Neudorf: Great question. I appreciate that. The Ministry of Infrastructure works in collaboration with its partner ministries: Justice for those courthouse projects, often Culture for some of those museums or other government-owned facilities, health care, schools are with Education. A lot of that prioritization for capital maintenance and renewal is prioritized by the stakeholders through the ministry and then directed to the Ministry of Infrastructure. There's ongoing program management.

With that, I will ask my ADM for properties to also comment on the prioritization part.

Mr. Beesley: Thank you, Minister. Yeah. In terms of CMR projects we do rank them. We do have a ranking system. As the minister did indicate, we do get input from other ministries, and we do rank them. We have to make sure that everything is being done in the stewardship of public funds but also in the matter of public safety. We have to make sure that the buildings are kept up to certain building codes.

Aging buildings. The average age of our buildings is over 40 years. We have to make sure that things are all maintained. We've had some issues at the courthouse with electricity, as you may have heard. So we do do some of that stuff. We have an emergent list and nonemergent list of things that we do.

Member Loyola: Okay. From there, my understanding, then, is that there's also a process by which you figure out how you're going to dispossess yourself of a government asset, so my concern is: how do you go about that, and which are the government assets that you're planning on dispossessing based on the estimates of this particular year?

Mr. Neudorf: Thank you. Great question from the member. Overall, we do have a process where each year we evaluate the age-stage maintenance requirements for each building, which, as stated by the ADM, are somewhere in the neighbourhood of between 1,400 and 1,500. Then if it's determined through the department that there is a question about whether it should be modernized, more maintenance dollars funded for it, or dispossessed, we go to the member ministries to see if they have any continued need of that space.

Member Loyola: So there is a process where you do consult.

Mr. Neudorf: There is a process, and I can read a little bit more.

Member Loyola: Please. If you don't mind, Minister. Thank you.

Mr. Neudorf: The process that goes – the government does sell surplus assets when they are no longer required by any government program. The disposal of surplus properties reduces operating costs and increases cash proceeds for the government. The government is centralizing surplus property sales to streamline and standardize surplus property sales processes.

In addition, an enhanced website has been developed for the information on the sale of government properties, which also have a requirement to be sold at or near market value as opposed to some historical practices of dispossessing a property for a dollar, which you may have heard.

On December 7, 2021, cabinet approved a new acquisition, surplus, and disposal policy which centralizes the government of Alberta's acquisitions and sales of real estate within Infrastructure's properties division, which began April 1, 2022. That process is fairly extensive. It provides clarity over roles and responsibilities for the sale. It seeks to reduce administrative processes and red tape. It accelerates due diligence and shortens the timeline it takes for properties to move to sale. It also leverages Infrastructure's expertise in real estate asset management land planning technical services. It aligns Alberta's infrastructure asset management plan as a core resource for acquisition and disposition decision-making of properties used by government and nongovernment users.

I think there's a little bit more here, but I will see if you have further questions.

Member Loyola: I'm really interested in this because I'm wondering when this decision was made. As you may well know, Minister, there are a number of nonprofit organizations within the province of Alberta that were relying on some of those spaces, and when they were being sold off – I mean, I completely understand where the government is coming from in terms of being able to get fair market value out of a government asset. But I would believe that you and I are on the same page, that when you provide a government asset to a nonprofit organization that is providing services to the people of Alberta, them having that asset benefits them so that they can do the job that they need to do.

There needs to be some kind of collaboration between nonprofit societies and the government, working together. If you don't mind, could you please elaborate on why this decision was made and why you decided to move towards getting fair market value on these projects as opposed to working with nonprofit organizations to help them with their mandates?

Mr. Neudorf: I appreciate the question. Thank you very much, Member. I would like to clarify that we are seeking to achieve both outcomes, that we do have a fairly robust policy for nongovernment users in that. While we felt there was a responsibility to the taxpayer to manage surplus properties in a prudent way, we also have a process for those nongovernment users. If you don't mind, I'd like to just read some of the messaging on that. To help level the playing field for nonprofits, Alberta's government has moved to an equitable model for organizations leasing government space. Previously nonprofits could have paid different rates for similar spaces, so we tried to make that even and consistent across the board, whether they were in Culture or under other ministries. This policy helps manage the province's building in a cost-effective way, ensuring the best use of taxpayer money while providing certainty and fairness for organizations leasing government space. A lot of those would also receive funding from the government. We tried to clarify that equity across those users. Then when an NGU asks for space in government buildings, we have an internal process to determine lease space and their lease rate that's consistent for all of them. If they would seek to . . .

9:30

Member Loyola: If I may, Minister, through the chair, obviously.

Mr. Neudorf: Sure.

Member Loyola: I'm just trying to get to the bottom of that particular question, right? Like, I mean, you're trying to level the playing field. Could you give me examples of why you would need to level the playing field with some of those nonprofit organizations? It's very clear that, especially those nonprofit organizations that deal with arts and culture, they don't get a lot of funding, right? Can you give me an example of a nonprofit organization that would have a lot more funding so that you would have to level the playing field for that particular process?

Mr. Neudorf: Food banks would be one, a direct answer, paying for their sites. Some were paying nothing, and some were paying something, so trying to make it more equal no matter where in the province they were and set it at a low-average level, not a high-average level. We are seeking to work with them in that.

We've also had, as an outcome of the pandemic, a number of visitor tourist sites: a lot of those were closed because of the pandemic and travel from other provinces, other jurisdictions was significantly reduced. The cost of staffing them over that period of time didn't make any sense. Now that the funding for Tourism Alberta has changed and some of those buildings have been

determined as surplus because the tourism industry hasn't recovered in the same way even if overall numbers have recovered, municipalities have approached the government to either lease or purchase those buildings, because those municipalities see a benefit from having that there. Our department has worked to work with them either for a short-term lease until such time as they could put an offer to purchase or provide time for them to lease until they can have a business plan for how they could fund that going forward.

Member Loyola: Well, you know, I'm very interested in this because I'm wondering if nonprofits asked for this. I mean, from my perspective, I heard from a number of nonprofits that were pretty upset when this government decision was made. I know it wasn't made while you were minister, but is there any opportunity that you would give to consult with nonprofits once again on this particular issue?

Mr. Neudorf: I'd be very open to talking with them about that to make sure that there is a high level of understanding and collaboration with them. It would be difficult to consult on legislation that's already passed, because it was passed in 2021. The model is for cost recovery only, and that was a responsibility through the fiscal planning, when we were first elected, to make sure that we were managing our properties well, but we do have long lead times, and we do continue to consult.

One additional example would be our work with Harcourt House. Some of that cultural, artistic community, as you have mentioned, here in Edmonton have been going through this process, and we've been working with them for over approximately a year or even longer, and we have extended their lease at very reasonable rates to allow them to facilitate their offer to purchase the property. We are working with them to accommodate them and help them achieve their end, which would be to have the ownership of that property. So, yes, I think we will continue to consult and work with them in each circumstance as appropriate.

Member Loyola: Then, just for the record, this wasn't asked for by nonprofits; this was a decision made in-house by the ministry, by your government.

Mr. Neudorf: It's hard for me to go back in time and know exactly the conversations that were had at that time. I apologize.

Member Loyola: No, I appreciate that, Minister. I appreciate it.

In conversation during previous estimates with your predecessor I was trying to get a better understanding about how your government actually prioritizes infrastructure builds. From what I understood by the previous minister, Mr. Panda, at the end of the day everything has to go through Treasury Board and Finance, right? I'm hoping that you could shed a little bit of light on exactly what that process looks like. How are other ministries consulted, how are stakeholders consulted in order to prioritize these infrastructure builds?

Mr. Neudorf: Sure. Great question. I appreciate the member going in this direction. Early on after the election in 2019 our government changed where the funding for infrastructure projects resided. Previously it had resided in Infrastructure, and our government moved that to the relevant ministries. So school building infrastructure went to Education, hospital building infrastructure went to Health, and Justice, Culture, other ministries received that funding. The overall budget of Infrastructure itself and capital went down significantly to basically a CMR property management portfolio, and in that there was an effort to shift it to those very stakeholders.

We'll use Education as an example. Each of the 63 school divisions around the province would annually have requirements to assess their capital project needs as well as their functional needs and so on and so forth. Those school boards would individually prioritize their capital requests and requirements and present those to the Minister of Education in this case. The Minister of Education then would go through those capital requests from all 63, and they would be ranked from the individual school division. She would then – or he; it's she at this time.

Member Loyola: The minister. Yeah.

Mr. Neudorf: The minister would have to then prioritize them in the aggregate of all of those 63, one with the other. Some of that is based on the urgency and priority of the capital request. I'm sure you can imagine. When we were first elected, I heard some stories where schools actually had – every time it rained, they would leak in the classrooms. That would have been deemed from the capital property management side as a much more urgent, high priority than perhaps an expansion to an existing building where there were no physical deformities in the building. At that point the ministry would put that forward to Treasury Board, where the final decision is made on the capital requests, not often on a particular project but on the overall spend.

There was also at that time introduced the planning over three years to say that it may not be fitting in the capital funding of this particular fiscal year, but it would be placed in the outlying years to show that the indication was there to do that work.

Member Loyola: Okay. I was just trying to get a sense of that. You're telling me the Minister of Education is the one that prioritizes all of the school builds, then.

Mr. Neudorf: Yes. That is correct. Then there's also – sorry. Which act is this? I'm just clarifying. To tie it back to an act, in 2021 we passed the Infrastructure Accountability Act, that outlines this process. If you don't mind, I'll just read the six criteria the government must consider when they're evaluating a capital planning submission, which is what you're asking about. The six items are: address the health, safety, and compliance needs, so if there is something out of code compliance or if there was a safety need like rainwater coming through the roof or a health need – for instance, if there was something like mould or some other materials problem – alignment with government priorities and strategies, that's where the ministry itself would have to prioritize amongst different school divisions; foster economic activity and create jobs; improve program delivery and services; consider life cycle costs and whether it will generate a return on investment; and enhance the resiliency of communities. Those were the factors in that.

And then, yes, as you mentioned, it would go to Treasury Board for the final financial approval or nonapproval as opposed to the project approval, which would still reside with the ministry.

Member Loyola: If I'm to understand this correctly, then, you don't actually make decisions on the schools themselves.

Mr. Neudorf: Rarely. However, I will provide a caveat to that. If it was put forward, the expertise of Infrastructure on how to build and how to meet the existing codes may influence the overall cost of that and would provide feedback at the planning stage. If I'm making sense, a slight caveat to that: overall, yes, you're correct, but Infrastructure has some building expertise, which could influence how that would happen.

9:40

Member Loyola: Of course. I'm so glad that you went there because that goes to my next line of questioning. Under the previous minister there was an openness – and there was even an announcement with I believe it was nine high schools, if I'm not mistaken, to actually use the P3 model to actually get these schools built. When the new Premier stepped up, there was the decision to abandon this model, particularly for schools. I'm hoping that you can elaborate on why exactly that decision was made. Of course, I'm in complete favour of that for my own reasons, not just political but economic as well. So if you could highlight how that decision was made, why it was made, and why you decided to abandon the P3 model specifically for schools.

Mr. Neudorf: Thank you. I will provide clarification. We haven't abandoned it; we have brought a further lens to it. I come from a long period of construction background – that was my industry before coming into elected office – where my expertise has been in working on many of those schools. What we have done with P3s is that we've removed the emphasis on bundling, which impacts schools in particular. The P3 model, the private-public partnership model, establishes a baseline of about \$100 million for those types of projects to see the fiscal savings level attained. A single school very rarely, in fact not in my memory, would have hit that threshold of \$100 million. So the practice of bundling schools together to hit that level was incorporated.

That can still be the best value for dollar, but we added the consideration of geographical footprint to that. In fact, since I was named Minister of Infrastructure, we did have a bundle come forward as a P3 in November 2022 which had eight schools in it ranging from north of Edmonton to south of Lethbridge. That geographical footprint, as a consideration, while the value for money was there, extremely limited the number of general contractors and subcontractors able to bid on that. So we moved away from that, and we combined three schools in Calgary under one bid package for the best value for dollar, where we could still maximize that volume purchasing. We left two schools in Edmonton together, but for the other three schools that were in that package we allowed a single contract because, like I said, we added that consideration for geographical footprint.

If there was a bundle of, say, five schools which exceeded the threshold of \$100 million and they were in a geographical footprint in and surrounding Edmonton in a way that it made sense not only fiscally but for design and for that geographic consideration, we may well still proceed with that, but if that geographic footprint ranged over our massive province in too large a fashion, we felt the return on investment, the value for dollar, was much more limited. So that was an additional consideration I brought to the role. Hopefully, that answers your question.

Member Loyola: Again, we see this getting value for dollar as opposed to, I would say, quality outcome at the end of a particular project that needs to be considered, right? For example, here in the city of Edmonton – I'm sure you must have heard of it – there were horror stories with the P3 models, where the administration of a particular school, people couldn't actually control the temperature within the building. Other cases: there was, like, the playground landscaping or the landscaping around the school wasn't finished. Children would have to, like, trudge through areas of mud and dirt and hills and these kinds of things, which was completely unsafe. I'm not here to argue with you whether you're going to use the P3 model or not use it, but what my interest is: how do you intend to deal with these specific issues? At the end of the day, the staff of a

particular school should be able to control the thermostat within it, and children shouldn't have to be wearing their parkas inside of the classroom. How do you intend to deal with this moving forward?

Mr. Neudorf: Yeah. Many of those are long ago, and lots of lessons have been learned since the time of those deliveries. There's been an incredible amount of collaboration between school divisions and the Ministry of Infrastructure and the general contractor maintenance providers for that. The time frame between those concerns being raised and then being addressed and resolved has virtually gone down to zero, and over the year of 2022, in fact, any of those concerns that had been raised were dealt with in the required time frame, some of them within hours of being raised. Again, this is why that additional consideration of geography was added to the consideration of those bundlings.

When I worked on school projects as a contractor, when I worked with school boards and their decision-making, their concern would be about their particular school, but they were dealing with a contract that may have incorporated five, six, seven, eight other schools, and that communication, that specificity lapsed sometimes. That's, again, why we've changed that consideration to add geography to that. As well, we've increased the services and the response times delineating what is an urgent matter, what is an emergency matter, and we've gained experience through those methods.

The government of Alberta has gained experience with P3 methods through the Edmonton and Calgary ring road design/build/finance/operate contracts and design/build/finance/maintain contracts of Alberta schools' procurement so that we can address those issues.

Member Loyola: Minister, I'm assuming, then, that because of the lessons learned, these will actually make it into the contracts, right?

Mr. Neudorf: Yes. That is correct.

Member Loyola: Okay. So we've got that on the record.

Mr. Neudorf: Yes.

Member Loyola: Okay. Then what are some other examples of those lessons learned that you're making sure are making it into contracts to make sure that, at the end of the day, Albertans are getting the best bang for their buck?

Mr. Neudorf: Yeah. Exactly. Increase consideration over the life expectancy of a building and the products used in it: this is language that I've long used through the industry, where we want to consider best value as opposed to lowest cost. In fact, I had a private member's bill, that didn't quite make it to the level of the floor, based on that alone. So we've been continually changing and adapting the procurement methods to consider the longevity of the build and the quality of the build, not just the low cost. This is sometimes difficult to convey and communicate with the general public because if they see a bid for a school at \$14 million versus one at \$17 million and the \$17 million bid is chosen, that, on the surface, could be confusing.

We have increased the evaluation tools to consider experience, to consider products used, to consider the maintenance response in that evaluation of that bid. This year alone I think we've seen two instances on school procurement where the low bid wasn't chosen as the bid because it was determined that the best value and the best result for the school division and the school build was not the lowest tender. We are continuing to consult with industry because that's, obviously, a fairly significant change from when you're used to

putting a low bid and you win to "I put the low bid in and I wasn't awarded the contract," so making sure that we have verified integrity of the process so it was not influenced in any untoward manner, which we have done and verified it's not been. We have a very robust evaluation process.

Member Loyola: If you may, through the chair, then – but you're speaking specifically about the P3 approach.

Member Neudorf: Yes.

Member Loyola: Okay. My next question has to do with the fact that when you use the P3 approach, then I assume that that particular infrastructure build – how is that recorded as a government asset or not? How does that process – what occurs at that moment? Is it considered a government asset?

Mr. Neudorf: I'm just going to ask my DM to answer that a little more technically just to make sure we get it right.

Member Loyola: Please. Thank you.

Ms Persson: Yes. Particularly for schools and others, the P3s are government assets, and the goal of the contract is to have a well-maintained school over the life of that asset. That's why they are long-term contracts, typically in the 30- to 40-year range, to ensure that it's built and maintained. Then the contractor would potentially exit after that 40 years, and we would have a maintained building that we could determine how we best proceed. Another example is the Evan-Thomas Water and Wastewater treatment centre that was built in Kananaskis. It is our asset, but it's being run by experts like EPCOR to ensure that we get the best and safest water in that area. It is the longitudinal view of ensuring our assets are well maintained.

Member Loyola: Okay. If you don't mind, then, particularly for schools, how long does the contractor, then, have? A lot of the contracts that have been made with the government for particularly schools – how long does the contractor have to maintain those projects? Is it 30, 40? How many years are we talking about?

9:50

Mr. Neudorf: It would be over the duration of that contract, which is typically 30 or 40 years. They would be required to provide the maintenance ongoing . . .

Member Loyola: If you don't mind, through the chair, is it different for different schools?

Mr. Neudorf: It can be for different contracts, yes.

Member Loyola: And then: why? Why would that be?

Ms Persson: It's typically 30 years for the schools. The Evan-Thomas could be something different. The maintenance for – like, if you're talking P3s generally, highways would be different. That's why we're giving ranges.

Mr. Neudorf: The only change in that contract is that over time those lessons learned, as you were pointing out, have been adopted to the new contracts to make sure that clarity is provided for maintenance. The issues that we learned and raised from earlier iterations of those contracts were adopted into the new ones, so we continue to evaluate those contracts and make sure that they continue to provide the best value and the best outcomes for the school divisions involved in them.

In fact, Infrastructure was awarded in 2022 a reward of excellence for the P3 school delivery that was most recently done

in Alberta, and this was an award that was handed out in New York. It's not just Alberta awarding itself; it was an international award for how that project went. So we have shown that we can deliver those in a very appropriate and excellent manner.

Member Loyola: Okay. Other than schools, can you please highlight for me, then: in what other instances have you used the P3 model and approach?

Mr. Neudorf: Sure. P3 models, again, are often evaluated – one of the fiscal thresholds is that \$100 million mark, which makes it very effective oftentimes for bridges or large highway sections like the ring road around Calgary. I think some of those have been developed and maintained in that way.

We have a list here of projects, which I'll just read off to you if you don't mind. The southeast Anthony Henday, that was a \$497 million P3 project; northeast Stoney Trail; northwest Anthony Henday; again Stoney Trail and Anthony Henday. I don't know the acronym for this ASAP one.

Ms Persson: That's the school bundle one.

Mr. Neudorf: We have three school bundles that were there, the Evan-Thomas Water and Wastewater treatment, southwest Stoney Trail, and another P3 bundle. Typically those are the large projects that would hit that threshold for evaluation.

Member Loyola: I'm just going over my notes, and I realized that there was something that I needed to ask regarding going back to the nonprofits and the use of government assets. Would it be possible to get a breakdown of how many nonprofit organizations currently lease space from the government of Alberta?

Mr. Neudorf: We don't have that with us. We could provide that at some point if you'd like.

Member Loyola: If you don't mind, when you do provide the response to that, is that number expected to change over the coming years?

Mr. Neudorf: I'll just ask my ADM of properties to answer that.

Mr. Beesley: So in terms of the policy, you know, depending on the organization, we continue to work with them. As leases expire, as the policy came in, we didn't instantly do it. As leases expire, we look for it. As the deputy minister noted, this is on a cost-recovery basis, but we do maintain a list, work closely with our stakeholders, and in some cases some of the government departments do choose to provide grant funding, especially in the social services realm.

Mr. Neudorf: I will just provide a little bit further information for the member if he's willing. We have a partial list here, and it has on it 82 nonprofits that have different lease expiry dates. Some of them go back as far as 2012. Many of them are much more recent than that. I think that there would be a natural fluctuation just due to a whole lot of factors that would be difficult to predict.

Member Loyola: Through you, Mr. Chair, obviously, for the record, then, there is no desire on behalf of the current government to reduce the number of nonprofits' leasing space?

Mr. Neudorf: No. There's nothing of that sort. We want to make sure that our engagements are with them in the healthiest form. That includes fiscal health. We would work with partner ministries to make sure that we're providing for their needs to the best outcome possible.

Member Loyola: On that particular note, Minister – because I remember hearing from a number of nonprofits that were actually pretty displeased with the decision to move towards the government getting fair market value on these government assets. My question would be: how do you plan on addressing that moving forward?

Mr. Neudorf: Another great question. Thank you. Again, just to clarify, it is on cost recovery, not necessarily market value but cost recovery.

Member Loyola: Cost recovery.

Mr. Neudorf: That goes back to internally making sure that we are managing our assets well so that they don't end up in a state of disrepair, nor do we modernize them to the state where the cost-recovery prices go up beyond what a nonprofit could afford to pay for. It also has put a responsibility back on those member ministries to make sure that they work in conjunction with those nonprofits in a way that recognizes their cost need for an ongoing basis and to make sure that they're fiscally sound as they move forward. It's been a long and robust process.

Initially, yes, I do remember, same as you, hearing from many nonprofits that it was a bit of a challenging transition. Through that, we've had many ministries reach out through Infrastructure to continue to work with those nonprofits to find a mutually beneficial resolution. To my understanding, including Harcourt House, we continued on that venture to make sure that the best outcome would be, in their words from Harcourt House, that they purchase and own that property, and we're working with them to transition in a timely fashion.

My staff did find here: 165 is the total number of NGU leases that we have.

Member Loyola: Okay. Perfect. Thank you for providing that.

I would like to go to: when dealing with a government asset and dispossession of it, what are the key metrics that you determine in order to make that decision?

Mr. Neudorf: I will have my ADM on properties . . .

Mr. Beesley: Sir, could you just repeat the question?

Member Loyola: Yeah. I'm just wondering: what are the key metrics that you use to actually analyze whether you're going to be dispossessing yourself of a government asset?

Mr. Beesley: Sure. What we would do is that we would look to a partner ministry, and we're looking, of course, in the best interests of government. So we would be working with a partner ministry on a piece of land or a building, and if it's declared surplus, it would first, of course, be offered to the municipality at fair market value, as the minister said, and then would be up for public sale.

We do sell quite a few properties. We had so far this year \$33.5 million in sales. We have six properties pending at \$45.8 million, and we have 13 listings at \$26.7 million. But we do make sure that we consult with who we need to. As the minister said in his example of Harcourt House, we would look to sell that to the municipality. If they wouldn't want it, of course, we'd start with Harcourt House, and then it would go to public tender.

Mr. Neudorf: I would just, if you don't mind, Member . . .

Member Loyola: Sure.

Mr. Neudorf: Through the chair, there's quite a process for that. Infrastructure circulates potential surplus properties to all government

departments to confirm if there's a program need to keep that. If there is no program need, the property is declared surplus by the Minister of Infrastructure and first offered as a direct sale at market value to the local municipality for their public purposes. If the municipality declines, the property is listed with the realtor on the multiple listing service, the MLS, and also advertised on Infrastructure's properties for sale website.

Also, just to provide some further context for the member, Infrastructure has sold 24 properties in 2022-2023, so it's not a large number, but it does happen. The value of those properties sold was . . .

Member Loyola: If you don't mind, Minister, through the chair, just to put that in context, how many government assets in total do we have, then?

Mr. Neudorf: Between 1,400 and 1,500 properties.

Ms Persson: Sixteen.

Mr. Neudorf: Oh, 1,600? Sorry; 1,600 properties. So this is a very, very small number. The \$30.1 million for those sales – and just as an example, there was transportation/utility corridor land that was sold, land along Ellerslie Road, to the city of Edmonton for the LRT operations and maintenance facility. There were some Lieutenant Governor lots in Glenora that were sold, just empty lots, and a single men's hostel that was sold. That's an NGO, but they purchased it for their use.

Member Loyola: Okay. Thank you very much, Minister. I appreciate that.

Next I'd like to – as I'm sure you met with them as well, the Canadian Construction Association and the Edmonton Construction Association paid us a visit not too long ago. While in conversation with them we had a – it was a really great conversation, by the way. One of them even proposed that in order to retain labour here in the province of Alberta, we should go to fully funding postsecondary education, which was quite a surprise.

10:00

My line of questioning now has to do with non-P3s and, actually, integrated project design and delivery. So many of the stakeholders that I've consulted with having to do with this keep talking about the amazing process that integrated project design and delivery is. More people are involved at the base in initial decision-making. Economically it makes more sense. I'm wondering: what is the approach that your government plans on taking for infrastructure builds that are non-P3s?

Mr. Neudorf: Sorry. I just wanted to make sure I was getting all of the questions that you threw.

We have been doing a lot of work through my ministry on our procurement practices, and we seek to continue input from our stakeholders, particularly in the construction industry, as would be appropriate. To that end, we've set up what's called – what is that acronym now? – an industry liaison council and subcommittee, where we continue to work with them.

The IPD, integrated project delivery, is one that we've considered. It has pros and cons, as all of these contracts and procurement methods do. Where we've gone with the construction industry to this point is the quality-based selection, QBS. At this time it's more transparent and has more accountability. The integrated project delivery has different hurdles. It's a bit more of a cost-plus model, which doesn't allow for that cost certainty from the government at the project's beginning. That's where, in terms of our fiscal accountability and those kinds of requirements, we

have some challenges. Even though in my practice I like that method of a lot of collaboration, it doesn't allow for that cost certainty because the project price can change as you move along with it.

Member Loyola: Yeah, because of supply chain issues.

Mr. Neudorf: Exactly. So at this point in time we have not proceeded with that approach. What we have done to work with industry, like I said, is go to that quality-based selection, where we allow for that expertise to rise to the top at the beginning, but we still have that cost certainty for our stakeholders and user groups at the beginning of the project.

Member Loyola: Okay. Just for clarity and to get it on the record, then, what are the cons of the integrated project design and delivery model, from your perspective, of course?

Mr. Neudorf: Yeah. Sure. Challenges with procuring an IPD contract include abiding by open and transparent procurement practices, which is that we don't know the number that we're working for at the beginning, which, as a representative of the taxpayer, is difficult. Again, as a cost-plus style it's more difficult to determine that. Complying with trade agreements and following the Financial Administration Act: those are some of those. It's more on the fiscal side, that we don't have that certainty at the beginning, even though it is a much more collaborative process.

Member Loyola: Okay. Could you provide a little bit more detail on that particular aspect? What's the real issue? Like, let's hit the nail on the head.

Mr. Neudorf: Sure. I'm going to ask Ghassan, who's in my department, to come to the mic. He's the assistant deputy minister of capital projects, and he has significant expertise in terms of the legal, contractual obligations for that.

Mr. El-Chazli: Thanks, Minister.

The Chair: If you could please introduce yourself prior to speaking.

Mr. El-Chazli: Absolutely.

The Chair: Thank you.

Mr. El-Chazli: Thank you. Ghassan El-Chazli, assistant deputy minister for capital projects delivery. We do examine all sorts of delivery models. The ones we adopt at this point in time are design/bid/build, design/build, construction management. Recently we've been exploring QBS, which is qualification-based delivery.

With regard to IPD . . .

Member Loyola: My apologies. Could you just repeat those one more time?

Mr. El-Chazli: We've got design/bid/build, design/build, construction management. And as a method of selection a qualification-based selection method has been used or is being used, piloted in the past. We are using it right now with the selection of the prime consultant at Red Deer hospital.

Now, with regard to the rules we need to apply, the selection method is always risk based. You assess the entire risk of the selection method itself, depending on a lot of parameters, including the length of time you have, the total budget, the budget certainty, et cetera. The selection method: we have a matrix that allows us to

assess the project itself, and it will get us to which specific methodology needs to be used.

With regard to IPD specifically, the biggest hurdle is the following. We have to abide by the FAA, which is the financial accountability act; the trade agreements – there are, I think, eight or so – and we've got also the Treasury Board directives. All those are applicable when we are considering what sort of methodology we are using.

Member Loyola: If you don't mind, then, why, with the other approaches, are those not considered?

Mr. El-Chazli: Because of two things. Because of the certainty level associated specifically with cost. We have to actually secure – we're not allowed, for example, to enter any contract for which the total cost is not known ahead of time. So cost-plus in general, any methodology that leads to a cost-plus situation, will likely be avoided.

Let me just make some comments, if you don't mind, about IPD. As the minister mentioned, it is very much, you know, liked by industry. If you look at it from a perspective of FAA rules and TB directives, it has an unlimited liability towards the province. Typically what happens with an IPD is that there's an agreement on the certain total value of a project – right? – in which the costs and the profits and the losses are shared amongst the proponents. That allows for, you know, change orders to happen and errors and omissions. One of the biggest issues with it, for example, is that errors and omissions by a consultant are going to be covered by the three parties involved. From an accountability perspective, that is not something that we advocate for.

The more important part of it is the certainty with regard to both costs and timelines. With IPD, although it is collaborative from that perspective, ultimately speaking, if the entire project falls into a situation whereby a liability should materialize, the three parties will have to either shut down the project and call it a day, or they have to come back to the government, to the province, and ask for that differential. From that perspective, the allocation of risk is not delineated enough to abide by the FAA rules, by the TB directives, and by trade agreements.

Member Loyola: Perfect. Thank you very much. I appreciate your specialty and the information.

Again – and this goes back to, I guess, the general tendency in my line of questioning – yes, I understand that there's the bottom line that you've got to deal with. Obviously, we've got legislation, the financial accountability act. But I would say that the pros of integrated project design and delivery, where stakeholders, the community, people feel like the project belongs to the entire community, to them, are something that need to be assessed as well, because, at the end of the day, you're providing a government asset, and the community doesn't feel like it's really theirs, right? Those are the two things that we're trying to balance here.

I would like to get on the record, though: what are the pros of the integrated project design and delivery?

Mr. Neudorf: Sure. Again, great conversation. I really appreciate the member taking this direction. The pros for the integrated project delivery are that collaboration. A more technical definition, if you don't mind me reading that into the record, is that the IPD requires that the owner, the architect, and the general contractor enter into a multiparty contract for design and construction. The pricing structure is cost-plus with a target price. So the pros of it are that collaborative nature. Government would seek to do that: let's work together; let's get everybody involved.

The con is that we don't have . . .

Member Loyola: I asked for the pros, Minister.

10:10

Mr. Neudorf: Yeah.

. . . that price certainty. One of the avenues I've taken since I've been minister to address this issue is, like I said, that we set up the industry liaison committee. One specifically is to talk about risk allocation. The basis of this conversation is: how do we assess that risk, and who carries that?

For the record the reason why risk is so important is because if you carry the risk, then you pay the bill. If too much risk is allocated to the general contractor or contractor, what we see is a very significant general trend to them increasing their price of bid, because that's how they protect themselves. If you say, going in, "We don't know everything; we can't predict the future, but it might cost a lot," what are they going to do? They're going to add that into their price. If we can shift some of that risk allocation back to the owner, which is us as the government, we can lower that cost. But you don't want to take too much, because if there is a hidden cost, then we continually have cost overruns. That's where the tension and the balance between those two objectives are.

Member Loyola: Okay. In the procurement process, then, when you're applying these different methodologies and whatnot, I'm assuming that contractors are building into their estimate a contingency, obviously, right?

Mr. Neudorf: They would, and the government would as well, on each project.

Member Loyola: On each project?

Mr. Neudorf: Yes.

Member Loyola: Okay. Let's get started on the south Edmonton hospital, Minister. You made several comments on the south Edmonton hospital in your opening, and of course you've identified certain issues with the project. There are people involved in the current project. When I initially asked you about the south Edmonton hospital – well, let's start here. The south Edmonton hospital isn't even on the website anymore. Why?

Mr. Neudorf: Sorry. Can you clarify which website?

Member Loyola: From my understanding on where you're listing the projects, it's not on there. It was on there, and the date continually – well, since you took government, under Mr. Panda. And we've had this discussion. It's on the record. The date kept being pushed back on the government of Alberta Infrastructure website, and now you can't even find the south Edmonton hospital. I think that's the question: why is it not there?

Mr. Neudorf: To my knowledge, it is still there, and if it's not, given the fiscal plan, the capital plan, it should be back on there.

Member Loyola: Okay. Perhaps there's no date for the project now.

Mr. Neudorf: Right. Well, we are committed to building it, and we are proceeding with that. Where we're at with that is that functional planning, which is the key qualifier for that, because before you can build, you have to know what you're building. This is where some of that challenge is, because the ultimate authority for decision-making on what a building is and looks like doesn't necessarily rest with the government. In this case Alberta Health Services as a key stakeholder has a significant part to play in that, and we continue to

work with them and with the Ministry of Health to finalize exactly what we are building.

To answer your specific question on why there hasn't been more progress made on that, if you will indulge me, this project was announced in 2017 and added to the capital plan before the business case and planning for the project were completed, so it was in process. As a comparison, the former government, the NDP government, faced a very similar situation with the Calgary cancer centre, where that project was announced in 2013, but construction didn't begin until after 2017.

Some of that lies in a transition of government, and some of that lies in this functional program and designing. We have two parallel projects.

Member Loyola: Okay. Well, we don't have a lot of time here, so I just want to get these questions on the record here. Of course, I'll take this up again once we have the opportunity. Through documents that were actually provided to me by people who are actually working on this particular project, they tell me that a clinical service plan was completed in 2019, and it was submitted to Alberta Health and Alberta Infrastructure. It says that this plan identified the number of beds in the hospital and the services that would be provided on-site. This required the engagement of the clinicians and the leaders of clinical departments that will be providing care on the campus as well as the engagement of the members of the patient and family advisory council. So there was already a clinical plan that actually has been submitted to Alberta Infrastructure, from my understanding, right? When I asked you in question period about this particular hospital, you're telling me that there was no plan, but from what I'm hearing, there's a clinical service plan.

Not only that, Minister; there's also a neighbourhood area structure plan completed. It says that the city of Edmonton and the province have completed the neighbourhood area structure plan. That includes the site selection for the hospital. Land-use planning and engineering studies were ongoing to support the plant site development, and these were under way in conjunction with the development of the neighbourhood area structure plan.

Not only that; the functional service plan was completed in the fall of 2022, according to people who are working on this project, and has been submitted to Alberta Infrastructure and Alberta Health according to what they had to say. This plan identifies the services that will be provided throughout the hospital, the number of patients and staff that will be present in each area of the hospital and campus, and the square area required to provide those services. You know, it goes on to say that this required the engagement of the clinicians and leaders of clinical departments that will be providing care on the campus as well.

The Chair: Good. Thank you. That concludes the first portion of questions for the Official Opposition.

Members, we continue to have some vibration interference through our audio system. I'm not sure where the devices are located, but we do require all devices to be on silent, or maybe in the best interest of this meeting if you have devices that are going to vibrate, remove them from the table so that they don't interfere with our audio projection.

We will now move to the government caucus for 20 minutes, a 20-minute block of questions from the members. Would you like to combine your time with the minister's?

Mr. Walker: Yeah, I would like to combine my time with the minister.

Mr. Neudorf: Great.

The Chair: That's okay? Okay.

Proceed, MLA Walker.

Mr. Walker: Well, thank you so much, Chair. Through the chair, I really appreciate you being here, Minister, with your staff. There were great questions that were asked earlier. I'm sure you'll probably get to them in the next block with the opposition. Yeah. I would just say, too, Minister, that it was an honour serving with you on Treasury Board. Senior expertise in many areas, including and especially the industry you come from, infrastructure. Learned a lot. It was amazing. And I think something around \$23 billion over three years for the strategic plan – I should remember that, and I think I do. You're nodding. That's good. It was amazing, and we're securing Alberta's future with this great Budget 2023, with its fantastic capital plan, including locally in my community of Sherwood Park and the specialized municipality of Strathcona county.

I want to begin with the Sherwood Park courthouse, Minister. Very important to my constituents. Running through the history of this courthouse briefly, it was established under the Alberta government in February of 1980 as a temporary facility and everyone would admit at this point in an inappropriate facility, in a strip mall. Plenty of issues there with parking, and also unfortunately victims and the alleged, claimed perpetrators having to be in the same space together was totally inappropriate. Anyway, after 42 years in the strip mall I'm glad that we're finally moving forward to replacing the Sherwood Park courthouse.

I would also note the last time the Alberta government seriously looked at modernizing or replacing this infrastructure was in 2013, approximately 10 years ago. We got close to finalizing a proposal under Alberta Infrastructure or whatever the ministry's name was at that point. But my understanding, speaking to the former MLAs and the people in the legal community who have been deeply involved in this issue for 25 years, is that the proposal ballooned from something like \$30 million up to \$90 million, and that just helped convince people at the time to cancel the project under Premier Redford.

10:20

Anyway, here we are today. We're excited about these planning studies that are allocated. Minister, what criteria are used to evaluate capital projects? On page 115, the capital plan, there is \$1 million budgeted for the planning of the Sherwood Park courthouse. What specifically is meant by planning funding? As well, what can my constituents in Sherwood Park expect to come from this planning funding and the process for the courthouse? Start there.

Mr. Neudorf: Thank you, Chair, and thank you, Member, for the question. I appreciate also serving with you on Treasury Board.

As we had stated earlier but will reiterate to answer this question, the Infrastructure Accountability Act establishes six criteria that the government must consider when evaluating capital planning submission, in this case the Sherwood Park courthouse. We have to address the health, safety, and compliance needs; align them with government priorities and strategies, which this one does; foster economic activity and create jobs; improve program delivering services, which is a major consideration here; consider life cycle costs and whether it will generate a return investment; and enhance the resiliency of communities.

This was done. These planning dollars will provide the funding for the next step, which includes a needs assessment. The research will look into the service delivery options available and assess the existing facilities, which, if what you say is correct, which I have all confidence that it is, is in a strip mall. That may not be assessed

as the best way to meet that need, and we continue to develop the plan from there. That's the needs assessment. As well as consultation with Justice and judiciary, the Ministry of Infrastructure will always consult with communities on their projects and make sure that we take those considerations into account when we're developing all of these steps along the way.

So a needs assessment is first. Then Alberta Infrastructure leads the business case development with the Ministry of Justice to make sure that we combine their expertise and knowledge on this particular project into the consideration of that business case before it just becomes a fiscal question for Treasury Board to answer. This means that in this assessment we assess the current facility status, the capital solution alternatives, the cost-benefit analysis, and the business operational analysis. We review locations and calculate if it is economically viable to renovate, upgrade, or expand the current facility or build new. All of those things we'll input into the needs assessment and the development as this project continues to proceed through the capital planning process.

Mr. Walker: Thank you so very much for that very informative feedback on how this process works. It's very enlightening. I just want to be on record, too, thanking Peter Court and Lee Ahlstrom. These are lawyers from my community who for years and years and years have advocated for this and built up the history and helped inform me, as did the former MLA Dave Quest. I want that on record.

I would also say that my municipality in general is very excited about this. Who knows where this will go over time? It's my understanding that Stantec is awarded the contract to come up with the needs assessment and/or replacement design, and they'll come back in September with information. That's what I was told from Justice. You might not have those details, and that's okay. Okay. Great.

Now I want to move to talking about the great news which is the expansion of the Strathcona community hospital. Again, just a briefing on this, through the chair, on the history of this one. In around 2008-2009 my community of 100,000 people were promised a hospital, and we were so excited for that. It ended up being two phases to this hospital plan as of 2010, and we ended up getting phase 1. Again in 2013, for whatever various reasons, Premier Redford cancelled the project, the phase 2, and here we are today. We're very excited.

My argument has always been as an MLA for Sherwood Park that as a community of 100,000 people with three refineries and the Industrial Heartland – it's my understanding that, after Fort McMurray-Wood Buffalo, my community, proportionally speaking, pays the most into provincial coffers in terms of taxes generated. Again, three refineries plus the Industrial Heartland. We refine two-thirds of western Canada's oil, and 75 per cent of all petrochemicals in Canada are produced through Strathcona county.

Very excited about this expansion to see where it goes, Minister. In Budget 2023 Alberta's government is investing \$3.1 billion over three years in health capital projects and programs; \$18 million is budgeted for further planning of proposed health capital projects across the province, including expansion of the Strathcona community hospital. What are the next steps for this project now that the funding has been allocated? On page 113, the capital plan, it outlines \$1 million for planning this project. While the planning funding for this project matches the funding for the Sherwood Park courthouse, what differences are there in planning a hospital build versus a courthouse build, for example? And then, finally here, what outcomes can we expect from that budget and planning process for this project?

Mr. Neudorf: Excellent question. I appreciate the member bringing this forward as a comparison so that we can more fully expand on the process. Now, the process and its steps would be very, very similar in terms of needs assessment going to clinical services plan, which I'll expand upon shortly. The difference comes in the fact that a courthouse, for instance – it's a very defined process, what a courthouse does. It has those who would be victims, it would have those who would be accused going through that process and their requirements to be separate. It would have the judiciary, it would have legal, and then it would have the open to the community aspects of it. It's very well formulated to the type and size of rooms and the chambers and how it is used and functioning as well as limited to that. You are not necessarily bringing people with medical emergencies into that situation, right? Like, it is defined and known and quantifiable.

With a modern health care facility it becomes much more complex in the sense that you have to consider: what type of patients are you considering? Specifically, the needs of a child with a medical emergency for surgery, perhaps, or right after birth in terms of the neonatal intensive care is a very different program, structure, building, service provided than ambulatory care or emergency care or surgical care or cancer care. The scope and breadth of medical response is incredibly vast and can differ even in the sense that the same service of emergency care provided to a child would be very, very different than someone who is a full-grown adult or a senior. And then there are many more nuances and complexities beyond that. That is why the planning steps are so robust for health care and can take considerable time.

The next stages for the Strathcona community hospital, for instance, are the needs assessment and clinical service plans. Two individual steps, two individual processes that take into consideration extensive research into patient demographics, alternative service delivery options, and locations as Strathcona has a proximity that needs to be considered to Edmonton and the services provided within Edmonton. That's the assessment of existing facilities. There may be a facility that is close by, but it doesn't meet the needs evaluated for the care that wants to be provided.

Consultation with local physicians, health care workers, and local health advisory committees on the health needs and services that are required in the community can take considerable time as they often are working either full-time or part-time in a high-demand situation, so their availability would be limited and extend that period of time. They don't just drop everything they're doing in the emergency department to come to a consultation meeting. That needs to be considered – and carefully considered – and planned. Completed, the needs assessment is forwarded to the Ministry of Health at that time for review. Once that's approved, the needs assessment is sent to Alberta Infrastructure to proceed with a business case.

Also to be noted is Alberta Health Services as a critical component as a key stakeholder in the management and provision of those health care services in the planning and needs assessment and all the way through that process.

In the case of the Strathcona community hospital a needs assessment was completed in 2012, again, going back to your long advocacy for this project. However, it requires review and updating because of that and the demographics having changed in that 10-year period. Even though there was that work done, it does need to be refreshed. The new service providers would have to have their opportunity to provide any changes that they have seen in the community over that period of time.

Once Alberta Infrastructure has all of that, which can take considerable time, it leads to a business case development with the

Ministry of Health and Alberta Health Services. Assessment of current facility status, capital solution alternatives, cost-benefit analysis, and business operational analysis are then considered. Review of location and the calculation of how to make this economically viable, whether it's to renovate, upgrade, or expand a current facility or build new, are brought to bear.

10:30

Once finalized, the business case is sent to AHS and Health executives for input and approval. So each of these stages not only needs to be submitted and completed; they also need to be accepted and approved by the ministry, Alberta Health Services, and then, finally, the Ministry of Infrastructure. At that point, after the business case, that will give a sense of the initial cost assessment and scope of the expansion of services, and that information will then be used to secure the project funding for an ongoing basis. Again, in the case of Strathcona community hospital the business case will require updating after the needs assessment validation and renewal to confirm the scope in preparation of an estimated budget.

Mr. Walker: Well, that's very thorough, Minister, and it helps me comprehend so much more. The sequencing here of the planning as per the expansion: I really appreciate it. I would say, too, that in the 2010-2012 initial plan for the full hospital we were looking at 108 overnight beds, a surgical suite to be determined, and a maternity ward. At this point, as the MLA for Sherwood Park I'm just happy to advocate as a generalist. I'm not a health planning expert, and I wouldn't say: oh, we need this; we need that. I certainly trust AHS and Infrastructure to make those decisions.

I would say, though, that, understandably, my community's and I think most Albertans' definition of a full hospital is overnight beds, so I would certainly hope to see those, and that's my understanding of what would eventually be there. Very exciting.

Go ahead. Yeah.

Mr. Neudorf: I would like to further add that in these considerations there is a further layer of complexity added when other health care facilities within the region are also being updated and contemplated at the same time. The needs assessment in Strathcona would be impacted by the massive investment into the Misericordia hospital and how that would change where people go for what services and the consideration thereof.

This is where the fiscal responsibility piece comes into place. Building two of the same thing in close proximity is not necessarily the best use of taxpayer dollars. You want to make sure that you have a full complement of services provided to people within a reasonable time frame of travel for those needs without duplicating or layering services that may not be required in that way. This is more particular to surgical, because surgeries are most often planned and considered and booked ahead of time, obviously not in the case of an emergency case surgery. Having to drive somewhere for surgery is not quite the same inconvenience as an emergency care situation, where you want that ambulance or EMS response time very low and the transport-to-care time also to be very low.

We have a number of health care facilities being considered and built and developed within Edmonton, and each one, as that service comes online, has a future implication to another one being considered. That's why some of these considerations take time, as it's all being done in real time, and why the previous needs assessment from 2012 would have to be renewed and considered.

Mr. Walker: A hundred per cent. I totally agree. I think you hit the nail on the head on the importance of – the entire Alberta health care system is an integrated one, including if you break it out into

regions. Ours would be the capital region. Yeah, we need to ensure there is no duplication. For example, I know that in our region for gallbladder surgery you generally go to the Fort Saskatchewan hospital, including in Sherwood Park, so of course we wouldn't do gallbladders in Sherwood Park.

I would also say thank you for the government's recognition, through the chair, that as part of that integrated health system, including the capital region, it will include a full Strathcona community hospital, because not every resource needs to be inside the city of Edmonton. It's all part of an integrated system. I'm excited for the south Edmonton hospital, too, and that will be part of it, and it will complement Sherwood Park people as well. Thank you for that recognition. I look forward to the expansion.

Minister, any final comments on this before I cede my time?

Mr. Neudorf: No. Thank you very much, Member.

Mr. Walker: Chair, I'll cede my time to MLA Stephan.

The Chair: You may proceed, MLA Stephan.

Mr. Stephan: Thank you. I have a couple of questions, but I see I'm a little bit short on time. I do have some questions about the Red Deer regional hospital, of course, but, you know, given the time I have some other questions that I think are a little bit less involved.

I see, of course, that on page 115 of the capital plan we have \$83 million allocated over three years for the Red Deer justice centre, and that project, of course, is well under way. I really appreciate seeing that. Could you provide an update on the project, and could you also share with the committee why additional funding is being required for this project?

Mr. Neudorf: Excellent. Thank you very much, Member, for that. Yeah, we are building a new justice centre in downtown Red Deer. It will help relieve the backlogs caused by the lack of space at the current courthouse, which is currently at capacity. The new facility will measure approximately 29,000 square metres and include eight storeys above grade plus a mechanical penthouse and two storeys below grade. It will also include a resolution services wing, and the government will provide dispute resolution, civil and family mediation, arbitration, and other alternatives to court in this structure.

Construction began in August 2020 and is well under way, with construction completion expected by the end of this calendar year. The new justice centre will feature 12 courtrooms with space for future expansion that will accommodate up to 16 courtrooms. As he's mentioned, the original project was funded for \$203.1 million. Additional funding: there were some funding increases due to the disruption we saw in the supply chain globally through the pandemic. These are normally considered in every project. We have contingency built in, and then we adjust, through projects that are, particularly, multiyear projects, in real time as we see possibly changes to construction – change orders, which is a normal course of construction – supply chain issues, which may or may not impact the cost of goods for that construction and how that may be developed into the contract. In fact, the 2023 capital plan three-year total funding to finish the construction, hopefully, will be approved for the \$83.4 million to bring this contract and construction to completion by the end of the calendar year.

Mr. Stephan: Well, thank you for that information.

I appreciate you mentioning the room for expansion as part of the build. I know one of the reasons why, unfortunately, we had to do it in this way, as I understand it, is that the original building had no ability to expand.

The Chair: Thank you, members. That concludes the government members' first block of questions.

Now we move to five minutes of questions from the Official Opposition, followed by five minutes of response from the minister. As mentioned, members are asked to advise the chair at the beginning of their rotation if they wish to combine their time with the minister's time. MLA Goehring, would you like to combine time?

Ms Goehring: I'd love to combine time. Is that okay, Minister?

Mr. Neudorf: Happy to do so.

The Chair: Okay. We will proceed with a 10-minute block of combined time.

Ms Goehring: Thank you so much. I appreciate going back and forth. It's important to be able to do this, and I'm very grateful for that.

I'd like to return to the conversation we were having about the lease agreements with the nonprofits, particularly regarding Harcourt House. I heard that come up a few times, so I'm just trying to seek some clarity regarding the current lease agreement. I know our government started some paperwork with the intention of gifting the property to Harcourt House. Then, unfortunately, that wasn't done prior to the election, and when the UCP came into government, they cancelled that gift agreement.

Harcourt House, just to give a little bit of background, is an organization, nonprofit, that has been providing over 30 years of service to artists and studios and is an incredible organization within the city of Edmonton. Unfortunately, what happened after the gift was cancelled: there were long periods of no communication regarding the lease, and they were really concerned about what was going to happen. It then got to the point where they were given an eviction notice from the government of Alberta indicating that they had to leave after 30 years of occupying that space.

It was after intense grassroots advocacy from the artist community and, quite frankly, NDP questioning about the status of this eviction notice that it came to a place where a one-year extension was given to the lease. You had mentioned that they had asked to purchase it, and I would say: yes, after being told they would be evicted. They tried to negotiate and create a space where they could stay at Harcourt House. Now my understanding is that they were given a one-year extension of the lease with the proposed purchasing price of \$3.5 million.

10:40

I'm curious, Minister, what the status of that lease is. Knowing that the nonprofit sector is struggling and has specifically been hit hard by this government in the artists' community and knowing that your targets have decreased over .5 per cent to encourage Albertans to attend artists' events and things, what is the plan to be able to see them successful at the end of the lease so that they can actually purchase it? What kind of supports are being offered, et cetera?

Mr. Neudorf: Thank you very much, Member, for the question. I appreciate the tone and the ability to go back and forth with you as well.

As you well know, I was only appointed Minister of Infrastructure in October. Many of these transactions or communications happened prior to that time, but I have reconfirmed my commitment to work with them given the challenges that we've all faced over the past few years with the economy and with the pandemic and all of that stuff. I have reiterated my support for this extension of the lease.

Again, as I stated earlier today, it is the intention, while I sit in this office, to continue to work with them for the best outcome for both. It was just noted that technically that gifting agreement was not completed before the election in 2019. It was one of those things that does happen, and things have changed and gone on, but it is a commitment at this time.

Just another small correction. It's my understanding that they have formally submitted a letter of intent to purchase for \$3 million, not 3 and a half million. Again, until that the process is completed, there would be the ability for the market evaluation to potentially change. I think that would be due diligence on both sides, the buyer and the seller, at that time, which I think is November 2023.

Ms Goehring: November 30.

Mr. Neudorf: Those markets could go up, they could go down, and it could be re-evaluated. The average appraised value as of June 2022, which is now almost a year old as well, was \$3,112,500.

One further note. As of the end of February, the beginning of March of this current year they provided a deposit to purchase. So they are moving forward in a very good way. It is my understanding that they have done a lot of fundraising. They're in a very good position. As with all real estate transactions, until you actually get there and have that evaluation, the due diligence done at that final agreement signing, it is difficult to predict whether that evaluation would go up or down, but it is the intention of this ministry to handle them in a fair process and make sure that we continue to work with them.

I would say that that would include the possibility that they may or may not, due to other outside factors, seek a further extension of the lease, and again, because it is our intention to have a successful resolution to this, if that were at a future time agreeable, that would be a consideration. We have also agreed with them that we want to sell to them and not go to market, so we're not applying undue pressure on them for that.

Obviously, beyond May 29 I cannot commit what the ministry may or may not do as certain events might change all of that, but at least that's the intention, stated publicly, stated privately to them through this department to date.

Ms Goehring: Thank you, Minister.

I mean, I like that you pointed out that it wasn't completed prior to the election. Truly, I think that if the best interest of Harcourt House was being considered, that intention to move forward with a gift would have been honoured by your government. I appreciate that you're at the table and continuing to work with them, and I truly hope that they're able to be successful and that we don't lose this wonderful space that's provided to artists.

With that, I would like to put it over to Mr. Carson. Thank you.

The Chair: Go ahead, MLA Carson.

Mr. Carson: Thank you, Chair, and thank you, Minister. I've appreciated the conversation so far this morning. Just a couple more questions on this matter or in general, my first one being: how many other, if there are any other, nonprofit organizations or organizations leasing these buildings potentially currently are on an expired lease that has now been extended? Is Harcourt the only one? Are there others?

Mr. Neudorf: Just give us a moment to see if we can find that. I don't know if my ADM on properties would have a comment.

Mr. Beesley: As an example with Harcourt House, where we do have leases and we're working with not-for-profits, if they're

experiencing some concerns, on a case-by-case basis we will work with a department or a sponsoring department to see if there is the need to extend a lease for a period of time. We don't want to close the doors on anybody or kick anybody out, so we do work very closely with them and, of course, the sponsoring department. Most of these, of course, as we've noted, are social services type related organizations. I'll stop there.

Mr. Neudorf: Just for the record, Member, I appreciate the question. If we went back to that original list of NGUs – we said about 82; I know the total is 165 – of the 82 we have approximately 68 NGUs that have an expired lease that we are continuing to work on them, and we have not evicted them or sent them out. We are continuing to work with them to make sure that we can come to a successful resolution on that.

Mr. Carson: I appreciate that, Minister. A little bit concerning to me, but hopefully we can resolve some of those leases. I guess along a very similar line of questioning – and I'm not sure if you could potentially table that list that you're referencing right now. I think that it would be valuable for us, but if not, fair enough.

Again, similar line of questioning: how many more are set to expire and then you will now be negotiating past the lease this year? Then, again, same question for next year.

Mr. Neudorf: Right. A very good question. Could I have that list back, please? Unfortunately, we can't table the list because of the private confidentiality of some of those agreements and not making them public, but we could table the policy. I don't know that we have an extensive list, and it's an ongoing thing as leases are renewed and not renewed. I just want to for clarity – some of them are municipalities, where they would have ongoing funding so that it would not be a difficulty to match that cost-recovery threshold. There are others that are . . .

Mr. Carson: Sure. Minister, I apologize; I just have 10 seconds. If possible, if the ministry could table any performance measures regarding the conditions of provincial-owned or -leased spaces – I feel like that's something that I've seen before – in terms of where they are in their life cycle.

Thank you.

The Chair: Thank you, members.

We will now take a five-minute recess and be back at 10:53.

[The committee adjourned from 10:48 a.m. to 10:53 a.m.]

The Chair: Good. Thank you members.

We now will proceed with five minutes of questions from the government members, followed by five minutes of response from the minister. Members, would you like to combine time?

Mr. Stephan: Yes, please.

The Chair: Minister, would you like to continue with combined time?

Mr. Neudorf: Yes, please.

The Chair: MLA Stephan, you may proceed.

Mr. Stephan: Great. Just while we're finishing off on courthouses, page 115 of the capital plan showed \$3 million for Edmonton law courts planning. I understand that earlier this year there was a power outage at the courthouse, and I just wanted to ask whether or not this funding is in response to that event. Is it a repair to the current courthouse, or is a new building needed?

Mr. Neudorf: Thank you, Member. No. This funding was planted before. The costs for the repair will likely come forward to Treasury at a future time. It was an unexpected event and anticipated in the sense that this funding was already being prepared for eventual work on that site. But that event happened, and the response to that has been within the emergency response plan, and all of those issues have been addressed and alleviated, but there will likely be additional funding required to fully complete the construction on that repair.

Mr. Stephan: Sure. And what's the \$3 million relate to, then?

Mr. Neudorf: It's for additional planning funding moving forward and functional programming for the redevelopment of a new facility for the Edmonton law courts.

Mr. Stephan: Okay. Thank you for that clarification.

I now want to turn my time to the Red Deer regional hospital. This is a very important capital project not only for the families and individuals in Red Deer but throughout central Alberta. This is the only acute hospital in the area, having a service area of about 400,000 individuals and families. Just by quick background why this is such an important project for our community, this has been a long-time need for individuals and families throughout central Alberta, that contribute very greatly to, of course, the Alberta economy. Part of the issue is that, frankly, there was some unfairness in terms of prior governments and AHS in terms of health care infrastructure allocations throughout the province. Unfortunately, the hospital was dropped by the prior government from the infrastructure priority list, which was very unfortunate. But I'm very happy about the good news that we can talk about today in that this is back on the list, and we have a \$1.8 billion commitment from the government to proceed with development.

With this good news, obviously, the individuals and families in Red Deer and central Alberta are very anxious because this has been such a long-time need, and part of that: we need transparency, and we need to have accountability. I appreciate that you had an open house on the hospital. I would just like to hear from the minister what feedback he's received from having that open house for members of the community.

Mr. Neudorf: Great. Thank you very much for the question, Member. I thought it was a very good session both with mayor and council and then with the community. Over 150 people were in attendance, including other elected officials from across the region. Infrastructure staff and Alberta Health Services staff were there with different displays, talking about the site plan, the schedule, and the various aspects of the construction. As you well know as you were there yourself, there was a robust conversation and discussion with residents and others in the room about their hopes and concerns and the ideas for the future of this facility in Red Deer. We outlined the steps required to bring a complex project such as the Red Deer hospital from the early planning stages to successful completion, and we explained that the project involves a number of phases.

There will be a new expansion and in-patient tower adjacent and connected to the existing hospital and a new ambulatory care building, which will be located on the south side of the existing multilevel parkade. Following completion of those phases, there will be renovations and reconfiguration inside the existing hospital building. That is why there is such a need for planning, to make sure that these things are handled carefully to not impact current patients but keep them safe and away from any construction noise, sound, vibrations so that they can continue on with their healing journey

and make sure that the new spaces are provided for them in good time with all of these considerations in mind.

Mr. Stephan: Well, that's wonderful. I know that central Alberta, like many other parts of Alberta, is just seeing record migration and growth, and it's great to see that we're going to have this investment, that not only will address that growth but, frankly, over the past decade or more low per capita infrastructure funding in the central zone versus other parts of the province.

In terms of moving this project forward in an accountable, transparent way, what are we doing to make sure that individuals and families in central Alberta, who are very excited about this really game-changing, transformative course correction – that this project does proceed in an efficient and effective way?

Mr. Neudorf: Absolutely. We are moving forward with the completion of the functional plan, which should be complete by the end of this month or thereabouts, as well as we've completed the request for proposal from Prime Consulting, which we are now evaluating through the ministry, which will be awarded shortly. Those two things going together will be significant in the next step in this whole process. As we've discussed, many conversations through today's meeting, we know that the complexity of a health care facility requires sufficient planning. While we can focus on that and put resources to that to speed that up somewhat, the process does take time because so many considerations need to be brought to bear on the planning for this.

11:00

From my construction history and many stakeholders that I've talked with, the best projects and their outcomes are achieved by good, thorough, and consistent planning. If you rush the planning process, if you try to go beyond what the industry is able to bear in the sense that most construction companies and architectural engineering firms don't have one project on their plate at a time – they would often have multiple and overlapping. We need to make sure that the assessment and evaluation of the prime consultant and that firm has the capacity and capability as well as the expertise to be able to make these considerations in designing the new facility as well as making sure that it ties into the existing facility in a functional way to maximize the space usage, the service usage, the flow of patients as well as doctors and nurses and health care staff for the best outcome.

With the added complexity of being an addition to an existing facility, you don't want any negative impacts upon those patients that are there currently as the construction moves forward, so we're working to plan, design, and build this expansion, one that meets the needs of the community and region, as quickly and safely as possible with all of these considerations being brought to bear.

Mr. Stephan: Sure. Maybe just a supplemental question based on what you said. I know that every project has its own unique aspects and complexities. You know, given that the province of Alberta has been building hospitals for a while and given that we, of course, recently completed the Grande Prairie hospital build and we actually in a pretty efficient way, I think, constructed the Calgary cancer centre – and that's a great job – I'm just wondering in terms of taking into account that, yes, there are unique considerations with any project, are we able to see some efficiencies that we learned from building hospitals in the past, including the accelerated timeline with the Calgary cancer centre, applied in certain areas to accelerate the timeline for the construction not only of the Red Deer regional hospital but other parts of the province where health care facilities are being constructed and need to meet an amazing growth

in population? People are coming to Alberta. It's a great place to live and raise our families and work.

Mr. Neudorf: Great question, and you've hit the crux of the challenge with any construction project anywhere in the world, not just Alberta. Each project is unique unto itself. It is often easier to accommodate those lessons learned in what's termed as a greenfield project, where you have basically a green field, nothing there, and you can start from new. This is what's considered a brownfield because there is an existing building, so that immediately sets us off in a different direction.

The Chair: Good. Thank you, Minister.

Members, we now move to the Official Opposition caucus for a 10-minute block. Continue with combined time?

Member Loyola: Yes, please. If the minister is amenable, I would like to combine time again.

Mr. Neudorf: Yes, we will.

The Chair: You may proceed, MLA Loyola.

Member Loyola: Fantastic. Thank you very much, Mr. Chair. Just as background I'm going to give you what has been relayed to me in terms of where we are with the south Edmonton hospital. Just bear with me here. As you recognized, the announcement was made in 2017. On March 16 the government of Alberta approved the new hospital in the Budget 2017 capital plan, with an initial commitment of \$400 million over four years.

On May 30, 2017, the government of Alberta announced that the new hospital will have 350 to 500 new beds and be located in southwest Edmonton at the former Ellerslie research station, a government-owned site at 127 Street and Ellerslie Road. This location will satisfy the requirements of the hospital as part of a future health campus. On November 28, 2018, the Heritage Valley neighbourhood area structure plan public engagement session was actually hosted by the city of Edmonton and was completed. The project team attended an engagement session hosted by the city of Edmonton that provided an opportunity for Edmontonians to share their feedback on the healthy community vision for a new neighbourhood plan. Feedback received was used to help inform the vision prior to finalizing the draft plan. In 2018 the neighbourhood area structure plan public engagement, via online survey by the city of Edmonton, was completed. Recruitment of a patient advisory council to guide development of a new Edmonton hospital: also completed. The patient advisory has been established to assist the project team in understanding the needs of patients and their families and to support ongoing project development. From February 28 to March 1 the project site blessing and celebration was also completed, and it was hosted by the Alberta Health Services Wisdom Council and local Indigenous community members.

As I commenced during my previous speaking time, a clinical service plan has been completed. According to documents that I've received, the neighbourhood area structure plan also was completed, and the functional service plan was also completed. Preliminary site work was commenced in 2022 for site preparation, and architectural design was to commence in 2023 based on the functional service plan.

So number one, can you or your ministry officials corroborate that the clinical service plan was completed? And to remind you, I've been informed that it was completed in 2019 and that it was submitted to Alberta Health and Alberta Infrastructure. This plan identified the number of beds in the hospital and the services that will be provided on-site. This required the engagement of the

clinicians and leaders of clinical departments that will be providing care on the campus as well as the engagement of the members of the patient and family advisory council. Can you or your ministry officials corroborate that this indeed was completed?

Mr. Neudorf: To answer your question, yes, the clinical service plan was completed in 2019, after the election. That is the second step – sorry. It was step 1(a) of the process to get to a capital project plan. I did take notes. A number of those – the public engagement 2018, the draft neighbourhood plan, the patient advisory, the site blessing – many of those processes were undertaken by the city of Edmonton, not by Alberta Health Services or the Ministry of Infrastructure.

The needs assessment, which leads into the clinical service plan, was completed in 2019. Then what is the next step is the business case. This phase takes one to two years of planning and Alberta Infrastructure working with Alberta Health Services, Alberta Health, and Treasury Board. This planning phase updates a service delivery plan to identify site-specific user group needs, which inform a master space program for a facility. The business case includes an assessment of the current facility status, identification of an infrastructure capital solution with alternatives, cost-benefit analysis, scheduled business operations analysis, so on and so forth.

Member Loyola: I appreciate that, Minister. Thank you. Thank you, obviously, through the chair. It has also been revealed to me, then, that a functional service plan – and according to documents that I have, this was completed in the fall of 2022 and has been submitted to Alberta Infrastructure and Alberta Health – identifies the services that will be provided throughout the hospital, the number of patients and staff that will be present in each area of the hospital and campus, and the square area required to provide those services. This required the engagement of the clinicians and leaders of clinical departments that will be providing care on the campus as well as the engagement of the members of the patient and family advisory council, and that was completed. Can you or your ministry officials corroborate that this functional service plan was indeed completed?

Mr. Neudorf: It's not completed, because completion means that the work that was done was accepted. There has been work to that end. Many of those steps have taken place, but it is not completed because it was never accepted by Alberta Health. So that . . .

Member Loyola: So if you don't mind, Minister, then let's get to the issue.

Mr. Neudorf: Sure.

Member Loyola: Why has it not been accepted?

Mr. Neudorf: As you heard me say to some of the former members, particularly the member from Strathcona, about that health care facility, over time as different health care facilities are built, particularly in a region – let's just talk about Edmonton – where there are many health care facilities that have been brought on stream since 2017, that impacts that planning and assessment. All of these steps – the needs assessment, clinical services plan, business case, functional programming – technically should be done before the capital announcement. So some of this was in reverse order because that capital announcement was made before all of this work was done. Not that that changes the work that needs to be done; however . . .

11:10

Member Loyola: But some of it has been done.

Mr. Neudorf: Some of it has been done, and some of it needs to be reassessed as these services, particularly the Misericordia, particularly some of the planning for the Stollery children's hospital, would have impacts. Some of the work that went into the Edmonton south – if I could just finish this one thought, and then I'll hand it back over. What was contemplated in the functional plan for the Edmonton south hospital, to my understanding, had a significant number of services that are now being met in other facilities. That's a key change because that has a massive implication on size, cost, and functionality of that hospital.

Member Loyola: Okay. I can understand that, but I think what's really of concern to the people of Edmonton and Alberta is the chaos that's happening in the health care system right now and the fact that people can't get access to a family doctor. This is putting an extra pressure on emergency rooms across all hospitals across Alberta, right? The intention of the new south Edmonton hospital was to provide those 350 to 500 new patient beds, right? When you're doing the analysis on the services that are being provided at either the Misericordia or at the Grey Nuns, how many beds does that translate to? That's the real issue here: there's not enough beds for Albertans in order to access the health care that they need. That is the real concern. I can understand that services – yeah – may be duplicated, but what is the intent with the beds?

Mr. Neudorf: Great question. I appreciate the member bringing that forward. A lot of that question would need to be answered by Health, but I will say that the Misericordia has an extensive increase in size for emergency and ambulatory care. So that impacted there. At Strathcona the number of beds there would be a consideration factor. Not all of those beds would be plus-minused from – if they go in Strathcona, they don't need to go in Edmonton south, but there is a consideration for some. The Stollery health care facility: as they are approaching and being contemplated for a new stand-alone children's hospital, the current beds in the Alberta Health University of Alberta site, I think, number between 100 and 150 beds. That's a consideration to be made here.

As well as the overall analysis of our health care system, what the pandemic revealed, to a great extent, is that one of the biggest challenges we face is that there are people staying in hospital where they could be going to continuing care, which is why our government has made such a significant investment in continuing care beds, so that those beds in hospitals wouldn't be taken up. From my understanding in many conversations with health care professionals, we want to have a health care system that isn't too focused either on emergency, although we need that capacity, or on ICU. The best health care systems keep people out of the ICU. So managing those bed numbers is a future consideration.

The Chair: Thank you, Minister.

We now move to the government members, and we will proceed with combined time, with MLA McIver to begin.

Mr. McIver: Yes, please, Chair, if that's okay with the minister.

The Chair: You may proceed.

Mr. Neudorf: Yes, it is. Sorry.

Mr. McIver: All right. This is kind of fun as a recovering Infrastructure minister myself. Let me just say that it's nice to see that you're here with the all-star team. I'm talking about all the people up front with you that I have worked with before. You're a blessed man to have such wonderful staff.

Mr. Neudorf: I am.

Mr. McIver: Minister, on page 113 of the fiscal plan \$52 million over three years is provided for the Foothills medical centre neonatal intensive care unit in Calgary. I guess, what does the project entail, and will the Foothills medical centre remain operational during the project? And if yes, have you dialed in all the safety measures you'll need to keep the construction site safe as well as those seeking medical assistance at the same time? I say this because I think we all would agree that neonatal intensive care units are critical spaces that provide care to extremely delicate human beings. Yeah. So what's in place there, please?

Mr. Neudorf: Great. Thank you to the member for the question, and thank you for acknowledging the staff within Infrastructure. They are all exceptional, including all the ones in the gallery. They spend an amazing amount of time serving Albertans and don't often get recognized, so I commend the member for doing that. Thank you.

Back to the Foothills medical centre neonatal intensive care unit in Calgary, this is one of the projects that can truly highlight the complexity of what the considerations are for: how do we expand and increase our medical care? You set that question up very, very well in the sense that neonatal babies are extremely sensitive to adverse conditions, including, which is crucially important in this point, sound and vibration. As problematic as dust is in a construction process, we have tape and plastic and vacuums and all kinds of things where we can eradicate that from consideration.

Where we really have trouble here in this, in the contemplation of this project, is the vibration and sound, which at that early development stage of their lives would have a significant detrimental effect. A huge amount of work is being undertaken to find an alternative site for that care and with all the medically required equipment and ability to treat them so that the proper construction work can happen. Even as we've experienced in the meeting today, the vibration of a phone on a desk can interfere with some of this equipment, so the sensitivity in a medical facility would be heightened beyond that.

Mr. McIver: Good example.

Mr. Neudorf: Yeah. You could not even consider doing jackhammering or saw cutting through concrete, which are some of the activities required to do that. Step one is patient care and patient safety, with an alternative space to do that work while we do it.

The project will create 60 neonatal ICU patient care spaces. The redevelopment of levels 5 and 6 of the main building's west wing will increase the space, for a total of almost 3,000 square metres. I mentioned the complexity of that. Rather than trying to pay for huge costs to mitigate those impacts, we're seeking to move those patients elsewhere for their safety.

Hopefully, that answers your question.

Mr. McIver: Great. It's helpful. We've got to look after those little ones.

Minister, in your key objective 1.3 on page 75 of the business plan it states that you would like your ministry to

reduce red tape by streamlining, simplifying and standardizing legislation, regulations, contracts, policies and processes and by evaluating recommendations submitted by priority stakeholders and industry panels, including, prompt pay.

Can you discuss how successful your ministry has been at reducing the red tape so far?

Mr. Neudorf: Excellent question. I appreciate that. Yes, reducing red tape has been a key objective of this ministry from even long before. I would like to acknowledge the fantastic work of former Minister Prasad Panda, particularly, in this area and continued by Minister Nick Milliken in his work. To date the reduction of red tape has achieved a 33 per cent reduction, and we continue to do that.

One of the endeavours that I've brought to the ministry since being appointed was a focus on the relationship between the government of Alberta and its key stakeholders in terms of capital projects. That has been an emphasis of mine and my staff since that time – again, mentioning the industry liaison committees – where we have a committed focus not just on clear communication but on listening. If we have these meetings with industry but we don't listen to the takeaways and try to incorporate that into our action plan, then it's really a failed objective.

We've done a lot of work with that. My staff had a meeting with the industry just yesterday, and industry was – I believe the term used was “gushing” over the communication and listening that we've been doing with them. I take that as a mark of relationship rebuilding to not just achieve a bureaucratic check mark on cutting red tape but making a difference in their business and in the business of all Albertans in delivering key infrastructure projects.

Mr. McIver: Okay. Well, nobody ever gushed when I was there, as best I can tell.

Are there any measurable impacts from the red tape reduction either in shorter wait times, lower costs, increased quality, or any of that? Is there anything you could actually measure and point to?

11:20

Mr. Neudorf: Absolutely. I appreciate that. Along with all of those objectives that you named, just making that process simpler, more straightforward will save businesses money. Just in the base count we achieved a reduction of, like, 3,400 regulatory requirements. That's a huge number of steps that we've removed from that. Some of the accomplished initiatives would be a simplified transportation and utility corridor application process, where we've developed a single electronic application form for requesting consistent submissions, expedited that process. Approximately 30 days of processing time is saved every year, so we're saving a month every year on that. It's almost impossible to calculate the total financial impact, but it's significant.

We've adopted electronic signatures for all the leasing agreements. It sounds like a simple thing, but as we were talking about with members of the opposition earlier, there are a huge number of lease agreements every year, approximately 200, and saving three or more days per agreement by eliminating that printing and signing and returning and mailing is huge. That reduced the administrative budget by approximately 80 per cent for that task, from courier fees and paper printing and all of that stuff, just by getting updated. We've improved the infrastructure technological resource site. We've removed redundant information and outdated information to make it more efficient for businesses to acquire the information they need.

We've accelerated the approval process for postsecondary institutions' land dispositions. A lot of universities would have a land bank or something that they have used for future evaluations and where they may not need a building. They are now able to dispossess that land and use that money for other projects, just saving them bureaucratic effort. Then we've expedited . . .

Mr. McIver: Through the chair, I'm going to interrupt you, with your permission, only because time is running short here.

Mr. Neudorf: No problem.

Mr. McIver: I want to ask you about prompt-pay legislation. Are we making progress? For the people that actually do the work, you know, that run the equipment, that have a hammer and a saw in their hand and do the stuff, are we making any progress getting those good people paid?

Mr. Neudorf: Absolutely. Yeah, we really have. We not only introduced the Prompt Payment and Construction Lien Act, as you would well know as it went through the House; we have also set our sights – in our Bill 9, that is before the Chamber right now, we've included some work towards the Public Works Act to simplify that, to allow the Minister of Infrastructure the authority to change regulations so that we can be more responsive to industry. The longer work on prompt payment within the Public Works Act, because there was so much delineated on the process of how contractors are paid, will take legal counsel a little bit more time to refine. It's not just a simple cut and paste.

Mr. McIver: I appreciate that sometimes people don't get paid because the work either didn't get done or was substandard, but sometimes it doesn't get paid because the main contractor that's been paid just has inconvenienced itself by not passing the money along. I realize both those situations can exist. Are we going to have any hammer to make sure people are getting paid after the work is actually done satisfactorily, that the payment will happen in a more timely fashion?

Mr. Neudorf: Yes. The intention of our government is to adopt those kinds of policies into the Public Works Act, which governs the government of Alberta and its processes. Currently Infrastructure meets a 30-day payment obligation 96 per cent of the time, and we want to continue to improve that and help our general contractors to do the same.

The Chair: Thank you, Minister.

We move to the Official Opposition members. Member Loyola, you wish to continue with combined time?

Member Loyola: Yes, with combined time if the minister is amenable.

The Chair: You may proceed with the 10-minute block.

Member Loyola: Thank you very much, Mr. Chair. Minister, we did cover in the previous opportunity that the clinical service plan was completed, okay? Whose responsibility is it to come up with the clinical service plan?

Mr. Neudorf: The clinical services plan is a phase that can take two to three years. It involves closely working with Alberta Health and Alberta Health Services. This process is informed by the AHS provincial zone, the site's models of care, the clinical service delivery options, strategic and business plans. Extensive research into patient demographics, alternative service delivery options, and assessment of the existing facilities are required. In addition, consultation is needed with site user groups, physicians, health care workers, the local health advisory committees, and health needs and services that are required to serve the community and neighbouring populations.

Member Loyola: Okay. We can both agree, then, that it's not the government of the term that has to come up with a clinical services plan. Correct, Minister?

Mr. Neudorf: Correct.

Member Loyola: Okay. I assume you know why I'm asking that? Okay.

Moving on, then, the functional service plan: whose responsibility is it to come up with the functional service plan?

Mr. Neudorf: Just to make sure – this is a little technicality – we're calling it functional programming.

Member Loyola: Okay. Functional programming.

Mr. Neudorf: Just for clarity.

This phase takes one to two years. Alberta Infrastructure works with AHS and Alberta Health through this phase. There is a detailed inventory of space required to support operational needs created. It also includes engagement with the stakeholders, including the patient and family advisory council, the Wisdom Council, health services staff, IT, and physicians. They address site requirements for each partner such as zoning program and space allocations, clinical equipment needs, furnishings, IT, and more.

Member Loyola: You and I can both agree, then, that it's not the government of the term who has the responsibility of coming up with the functional program.

Mr. Neudorf: I would only add the caveat that it is led by Infrastructure and Health, and that does need to be a consideration. Again, they influence that process as well as having the responsibility of the fiscal requirements for those decisions to be a consideration, and that is often where the two key stakeholders, if I can say that, would have the confluence of that requirement. That's where the rubber hits the road, if I can say it that way.

Member Loyola: It's more them facilitating a process than actually having a responsibility or actually coming up with the program itself, correct?

Mr. Neudorf: Yes, again, except for the fiscal side, which would be the government responsibility in that process.

Member Loyola: Okay. I just wanted to get that on the record.

Mr. Neudorf: Sure.

Member Loyola: Now, Minister, you had mentioned that the functional program, even though it was submitted in the fall of 2022, has not been accepted. Can we get back to that line of questioning?

Mr. Neudorf: Sure.

Member Loyola: What is the process? You know, all the stakeholders involved: they've done all their work, they've managed to complete it, and they've submitted it. What's the holdup?

Mr. Neudorf: The holdup is two parts. One part is that Health needs to look at new models of care, which we are in assessing the provincial response out of lessons learned from the pandemic, that many beds in a hospital are currently being filled by those patients that could be cared for in a continuing care space. That's a very new development and consideration that the Ministry of Health is obligated to review in their assessment of accepting a functional plan. That's probably the single greatest challenge to that acceptance.

Member Loyola: But we can both agree that there is a huge deficit of beds in the current system. Yes or no?

Mr. Neudorf: This is where I will be a little bit evasive in the sense that that is actually a question for the Minister of Health. I can't answer that. We answer in terms of building needs and the construction side, but I apologize that I can't answer that.

Member Loyola: No problem. I can respect that.

Okay. We obviously need to complete this project sooner rather than later. Can we agree on that at least?

Mr. Neudorf: Yes, we do.

Member Loyola: Okay. Can you just remind us for the record, then: how much of this current budget is being allocated to this south Edmonton hospital?

Mr. Neudorf: Six hundred and forty-three million dollars at this point.

Member Loyola: Okay. I would like to know, then: of that \$644 million, what will be taken care of in this fiscal year to move this project forward?

Mr. Neudorf: As my staff looks for that, I will just make these comments to set that up, that we are working to finalize and affirm the functional program, which is where we are at right now. It is my understanding that about \$52 million has already been spent or is being spent in terms of the site servicing and work there.

Member Loyola: Just for clarity and to get a little bit of detail on the record, what exactly is happening with that money?

11:30

Mr. Neudorf: Sure. Project activities are ongoing and include the following: site work related to materials deliveries, pipelines integrity testing – as I've stated in question period, there is a pipeline under that – pipeline surveys and crossing agreements, because there are significant considerations to be made. It doesn't make the site unviable in any way. I'm just saying it's a consideration that with agreements with another stakeholder whose job it is to do that, it has to be work. Work under way includes the following activities . . .

Member Loyola: Sorry. Through the chair, if you don't mind. When it comes to that particular aspect, if we could get either from you or from your ministry officials: how long does that process take? Obviously, it's going to be different for different projects, but I'm looking for a ballpark.

Mr. Neudorf: Sure. I will allow my deputy minister to provide or . . .

Ms Persson: I can. If you want more detail, then we'll get the assistant deputy minister. It's a negotiation, frankly. You're accessing and you're trying to negotiate a crossing agreement typically. So you have to understand what's there, and there are several players that you have to negotiate that agreement with.

Member Loyola: Okay. So there's no . . .

Ms Persson: No. It can take years in some cases as well. We do that in conjunction with the . . .

Member Loyola: And what's the shortest period that it's ever taken historically?

Ms Persson: That is a very broad question. I'm sorry. How short it has ever been? I don't think we have that answer. I mean, we'd have to take a look.

Mr. Neudorf: I think the complexity . . .

Member Loyola: How long is it going to take in this particular instance? Can you answer that at least?

Mr. Neudorf: Well, I would like to just speak to that. It's in negotiation for this because the future design will have a great impact on that negotiation. If the crossing of the pipeline on the site is off to the side, that impact would be much less so than if it was across the centre and required a design change to make sure that a parking lot or a corner of the building didn't go over that. One for safety, two is for maintenance, that kind of thing. That's why it makes it so difficult to pinpoint the exact time frame. That where and how and what type of access, the age of the pipeline, the amount of monitoring required on the pipeline, the depth it is in the ground: all of that impacts design, and then the design impacts the accessibility, and that's why the negotiation takes time.

Member Loyola: Okay. If we could return, then, to how much of the current budget will be spent on the project to move it forward. I had interrupted you, Minister.

Mr. Neudorf: Yeah. Thank you very much for that. Basically – and this is in millions? Yes. The Edmonton hospital: the forecast Budget 2023 expenditure is just over \$34 million, '24-25 is about \$300 million, and '25-26 another \$300 million. Those two items, I contemplate, would be the planning and design phases of that as a percentage of the overall construction cost design.

Member Loyola: Okay. I understand that there are multiple factors under consideration, but to you and your ministry's officials best estimate, when can the people of south Edmonton and the rest of Edmonton and Alberta expect this project to be completed?

Mr. Neudorf: That is challenging. That answer will be more definable when the full scope and budget are confirmed as well as design activities having started so that major construction activities can commence. All of those steps influence that. Again, when we were talking about IPD contracts, that kind of thing – we could get started sooner but without that cost certainty. Once we know exactly what we're building, we can more easily define the cost of that structure and the time frame in which to build, which we are anticipating being able to make a lot of headway in this calendar year, pending the outcome of the election.

Member Loyola: Okay. I know I only have 17 seconds left, but my concern is that we have the clinical services fund and the functional program. What else do you require in order to move forward to actually know exactly what you're going to build?

We'll leave it for next time.

The Chair: Good. Thank you, members.

We now move to the government caucus members and MLA Allard. You want to proceed with combined time?

Mrs. Allard: Yes, please, Mr. Chair.

The Chair: Minister, it's okay to continue with combined time?

Mr. Neudorf: Yes, it is. Thank you.

The Chair: We will have a 10-minute block for MLA Allard to start.

Mrs. Allard: Thank you, Mr. Chair. It's a pleasure to join you here, Minister, and I wanted to start off by officially on the record congratulating you on the role of minister and Deputy Premier. It's well deserved.

I wanted to actually continue on the line of questioning from the members opposite but from a different perspective. I want to talk about the Grande Prairie regional hospital and the reason that you need a functional plan. I want to reference – I've just got to look at my notes here for a second – a couple of outcomes, page 75 and 76. Start with 75, outcome 1.2, deliver capital projects on time, on budget, and to scope to ensure high-quality public services. That's a tall order, especially when you're building hospitals. I think we're all understanding that more, and certainly as an MLA I have a different appreciation for construction of a hospital than I did five years ago. I would have compared it to a school or another project, but a health facility is a very different undertaking.

Then I want to reference on page 76, performance measure 1(b), percentage of Infrastructure-managed and -delivered capital projects that are on budget. This is a bit of a sticking point because it spans several administrations and had really nothing to do with you in the role of minister. But I just wanted to talk a little bit about now that the new Grande Prairie regional hospital opened its doors to the public in December of 2021. As we look back retroactively, it was a lengthy, it was a challenging construction period. It involved a change in contractor late stages, and a lot of this, I think, could have been avoided, to your point, Minister, through the chair, if we had had a plan. I would just want to say that failing to plan is planning to fail. I think we've learned those lessons. I just wanted to know if the minister could expand on what lessons were learned from this project. What is the ministry doing to avoid similar issues in the future? I would love some specifics because my constituents have asked repeatedly; that was the number one issue in the 2019 election in my riding.

Mr. Neudorf: Thank you to the member for the questions, through you, Chair, and to let her know that I still have that e-mail request for lessons learned up on my computer screen every time I log in. One of the key lessons learned is that the political cycle has great impact on capital infrastructure, particularly one that spans multiple administrations. If we as the government do not take the time to plan well, to stick our feet in even though there's significant political pressure to move ahead quickly, often we get very bad outcomes. It takes time to build large health care facilities because of the complexity of that.

Some of the lessons learned are that despite that political pressure we need to make sure that we do have those planning processes fully completed, fully accepted, fully in place, because they will help reduce and limit the number of change orders, which is a natural process in the course of constructions, that things will be learned on the way as you go in each individual case. But to minimize those as best as possible should be the objective of any administration.

We want to make sure that you have all those planning pieces in place prior to a budget so that you're not constantly moving that budget target as you're learning on the way. Strengthening and improving contract language, specifically regarding compensation and completion dates as well as the defining of how to handle changes or problems in construction as you move along and modernizing project planning, monitoring, and financial tools as required to safeguard the progress of the project and the health of those relationships as we go: those are some of the key lessons that we've learned and where I'm hoping to bring my construction experience to bear. In my experience, anyways, nothing replaces good planning on a project. It's hard because people are impatient.

They want to see something go up and see that happen, but the time you can save in your construction by good planning is more than saved if you do that well.

Mrs. Allard: I appreciate that, Minister. Through the chair, thank you to the minister for that answer. I would just reiterate that, in hindsight, it's not a service to the taxpayer or to the people of the province of Alberta if we don't plan and then we overspend so that we can't afford a south Edmonton hospital now because we've spent double or triple on Grande Prairie. I don't know the numbers, but I know that it was significantly over budget.

I appreciate the questions from Member Loyola because I sat in that chair wondering: what is happening with this hospital project and how come it's so hard to pin it down? I would love if the minister could add a little bit of detail – and this is just sort of an off-the-cuff question out of curiosity – around the complexities of building, particularly, a hospital versus, say, a school or another project. I think that's one of the things that's very confusing for constituents. "Well, the school went up in a year. Why can't the hospital go up in a year?" But they are a very different scope and a very different planning process. If you could just expand on that a little bit.

11:40

Mr. Neudorf: I truly appreciate the question. Thank you. As I stated earlier to MLA Walker, a courthouse is well defined and understood on what's required; same with a school. All of us here, as soon as I say the word "school," you can imagine where you went to school, the size of the classroom, how hallways work, the key facilities in a school: gymnasium, library, principal's office, so on and so forth, depending on whether you were required to go there or not. We can define that, and same with design. Maybe we have a two storey; maybe we don't. Maybe we have an atrium with lots of light. But the elements are well known.

In a health care facility that complexity increases exponentially. One is that the same care provided to a different patient can require different equipment and different technology. For instance, a blocked airway in an infant is very, very different than a blocked airway in a full-grown adult or even different yet again in a senior who may have a more fragile skeletal frame, that kind of thing, but it's the same care. You need different equipment. You need different space. You need different training. All of those things bear into that.

Behind the walls there is a complexity in terms of what you need. It's uncomfortable to say, it's uncomfortable to acknowledge, but there is biohazardous waste that comes out in many of our health care facilities. Blood and bodily fluids and those kind of things: those don't just go in the garbage. They have to be handled very carefully and considerately with all kinds of infection prevention control.

We have the added complexity that not only in a health care facility do we provide care for the patient; we also have to provide safety for those providing the care, which means there are infection prevention and control measures on the apparel that doctors and nurses and health care technologists and health care people wear. There are security services to make sure that patients do not act in an inappropriate manner. Sometimes that's beyond their control; one of the most common side effects of a head or brain injury is violent action. So how does that get contemplated into the care of that patient and the protection of those providing that care?

The flow of information needs to be considered. Some of the old hospitals literally had plastic vacuum tubes where you put something in, put it in the capsule, and send it through that way. Now, thankfully, we have computers, but access to computers –

there are computers all throughout hospitals now. How do we make sure that that very private, sensitive patient information can be logged into by health care providers quickly and efficiently but remain secure so that someone passing by can't just get into the computer and find out personal information?

All of these levels, all of these considerations need to be taken into consideration. The Calgary cancer centre has some incredible technology, including hallways for robotic equipment to go up and down the hallways unmanned. Well, that was never even contemplated even 10 years ago, so that consideration particularly in the Edmonton south campus is: do we have a need for robotic care? Some of the new hospital beds are very large, very heavy and have robotic mechanical assists to help them go through. Some of them may or may not be autonomous and be able to drive themselves. That changes the size, shape, and scope of the hallway. In fact, the Calgary cancer centre has separate hallways for the general public and people visiting patients, separated from patients and health care staff in their hallways. That impacts design and ability.

That's just scratching the surface on complexity and why those considerations need to be made prior to starting building. You don't just build another hallway, going through it, going: "Oh, yeah. We should just add another hallway for new mechanical beds." That doesn't happen that simply.

Mrs. Allard: Well, and they have to be contemplated for wheelchairs and different specs for those, et cetera.

I'm running out of time, but thank you for the answers. Through the chair, I will cede the rest of my time.

The Chair: Good. Thank you, members and minister.

MLA Loyola, continue with combined time?

Member Loyola: Yes. Continue with combined time.

The Chair: Minister, we continue with combined time?

Mr. Neudorf: Yes, I will.

The Chair: You may proceed. A 10-minute block.

Member Loyola: Thank you very much. Okay. Getting back, then, Albertans would like to know at least an estimated date of when they can expect this project to be completed. You're well aware that the last hospital that was built in Edmonton was in 1988. It's been a long time, Minister. It's been a long time. There's a lot of pressure on the existing infrastructure and services. This is why at least – like, I mean, I appreciate the questions from Member Allard. They're important. Don't get me wrong. But it's really important that at least we have an estimated date. When you come up with a project, you've got to have a plan for when you plan to finish that project so at least you can drive towards something, right, Minister?

Mr. Neudorf: Absolutely.

Member Loyola: This is what I'm getting at. This is what the people of Edmonton and Alberta would like.

Mr. Neudorf: I appreciate, Member Loyola, your incredible perception into this and getting to the point of what people in Edmonton want. I will just provide a few things in context as a reply to that. One is that while there hasn't been a new hospital, there have been multiple health care facilities as well as a change in response to that kind of care, continuing care being one that we've already discussed and I won't get into again. Where we're at now is the consideration of how best to meet those continuing and

growing needs of Edmontonians in this health care facility. So the question of what should south Edmonton hospital be, what should it look like, what services should it provide . . .

Member Loyola: But if I may, Minister.

Mr. Neudorf: Yeah.

Member Loyola: That's been addressed in the clinical plan that has already been submitted to Alberta Infrastructure and Alberta Health.

Mr. Neudorf: And that's why the functional plan not being fully accepted – some of those new facilities haven't been fully considered. The contemplation of what may or may not occur in the future for Strathcona, which could be concurrent to the building of the south Edmonton hospital, as they're working on that: how does that impact that? Again, where are we going with health care? Are we going to be focused on ICU as a pandemic . . .

Member Loyola: Okay. But, Minister, if I may interrupt you, through the chair, of course, I completely understand that. You know, there are other facilities. There's the contemplation of now the Stollery and it being a stand-alone hospital and all that. I get it. But you can't wait on all those things in order to move forward with this plan, to get it done, when Edmontonians and Albertans need this hospital desperately. So how do you propose to address that particular issue and move forward and get this . . .

Mr. McIver: Point of order, Mr. Chair.

The Chair: Point of order has been called.

Mr. McIver: I actually do respect the hon. member's enthusiasm and concern about this. I'm not knocking that. On the other hand, he's now asking a Health question, which is beyond the scope of the debate. Again, I completely respect the member's desire to get an answer. I just think he's asking at the wrong place.

The Chair: Okay. MLA Carson to speak to the point of order.

Mr. Carson: Thank you, Mr. Chair. At this point I don't see a point of order. I think that there's been quite a latitude of questioning that's come through. I think that the conversation has been good so far. It really comes back to the price tags that we see attached to the capital plans that we're discussing here today. I think it is fully relevant and look forward to your ruling.

Thank you.

The Chair: Yes. Thank you.

Mr. McIver: The other point, Chair, is under 23(c). It's repeatedly asking the same question. I mean, I know he doesn't like the answer, but he's had the answer.

The Chair: If I may, I'm prepared to rule on this. I do not believe it's a point of order. I believe the questioning has been very relevant to the work that Infrastructure is doing alongside the Ministry of Health. The minister has been able to identify when it is a Health question and when it is an Infrastructure planning question. I do believe that we can continue on, recognizing that we are in estimates for the Ministry of Infrastructure and identifying items within their business plans and within their estimates.

MLA Loyola, you may proceed.

Member Loyola: Please continue, Minister.

Mr. Neudorf: Thank you, Member. I will bring the full construction expertise of this ministry to bear on this question. I will just say this. As the chair has noted it, it is up to Health to consider all of these factions and tell us exactly what we're building. Once we have that, then I can establish timelines. At this point that has not been accepted. That's not been finalized. So while I can conjecture on . . .

Member Loyola: Pardon me. The clinical plan has not been finalized?

Mr. Neudorf: Sorry. No, the functional plan. Just the functional plan.

Member Loyola: The functional plan. Just the functional.

Mr. Neudorf: The needs assessment, I concur, has been done. The clinical service plan has been done. The functional plan has been worked on but not accepted. Once we have that finalized by Health, then we can start attaching timelines for consideration for planning in design and then construction. Again, as I have said, we have – the two most recent experiences in Alberta's history are the finishing of Grande Prairie hospital, which the Member for Grande Prairie was talking about, and the Calgary cancer centre. Those are two case studies that have set that time frame, from the beginning of design to the end of construction, somewhere between six years and 14 years. That's where it makes it very, very challenging, because the impact of not having the completed design before you make those estimates has a negative impact on that time frame.

11:50

Member Loyola: Okay. I appreciate your answers on this, Minister. As you know, it's a passion of mine.

Mr. Neudorf: Yes.

Member Loyola: I am going to pass it on to Member Carson, who would like to ask questions about his own constituency at this point.

The Chair: MLA Carson, you may proceed.

Mr. Carson: Well, thank you, Member, and thank you, Chair. I just thought of something as the previous member from the government brought up a school potentially being built in one year, and I am interested to see where that may have happened. It reminded me that a couple of years ago there was an announcement for a school in the constituency, a Catholic school. That was, I believe, two years ago, and now it looks like it's projected to be open in '26-27, so quite a large timeline, I would argue, compared to even potentially what we saw under our previous government.

Now, within the last week or two we've heard the Minister of Education talk about many schools that are supposedly being built in Edmonton. She had mentioned one specifically, a K to 6 in Rosenthal. I'm just hoping that you could point to, in the capital plan or your budget, where the funding for the Rosenthal K to 6 is.

Mr. Neudorf: We might need a little bit of time for that. In my recollection most of the funding for schools would be in the Education budget, so the details might be there although we are tasked with construction. That's what my ministry is telling me. Again, similar to the health care facilities, school facilities are governed by Education.

Mr. Carson: Okay. Thank you very much. I appreciate that. For some reason I thought it might come out of the capital plan if it's an announcement from the government as opposed to funding going

to the school board and going through that process. So that's not the case in this situation?

Mr. Neudorf: No. Not my understanding.

Mr. Carson: Okay. How about: do you keep track of what schools have been opened and, like, how that affects your side of things?

Mr. Neudorf: We do in terms of project completion, yes.

Mr. Carson: Sure. You know, from the list that I've received from the Edmonton public school board representatives, we saw about 19 funded and built under our government, and a few of them opened, like, all the way up to 2022. That funding would have come from the previous government. I'm just hoping you could let us know in Edmonton specifically – and if you have the bigger, across the province, that would be great; if you need to table this information, that's fair as well – how many projects your government has funded and built regarding schools.

Mr. Neudorf: Okay. It just might take me a moment. I don't know if you want to ask another question while we get that information.

Mr. Carson: Sure. I mean, that was the majority of my questions. I can ask you a couple more here, though, unless you have some more.

Member Loyola: No, no.

Mr. Carson: Sure.

Finally, maybe a bigger discussion here, but just looking on page 78 of the Infrastructure business plan under capital investment, some quite large discrepancies under the capital construction line, you know, looking at \$1.688 billion, I believe, Budget 2022-23 compared to what the forecast now is, so the updated numbers of \$1.274 billion or so: why is there such a large discrepancy there?

Mr. Neudorf: While my ministers get to that question, because I want to be careful of time, school projects: in total – we have some of those from Budget 2023 – design funding is 20. That's across the whole province. School planning projects is an additional 14.

Mr. Carson: Again, we can table this later, Minister, but I'm just looking for what your government has fully funded and has been built up to this point. If that's a possibility, that would be appreciated.

Thank you so much, Minister.

Mr. Neudorf: Thank you.

The Chair: Thank you, members.

We now move to the government caucus for a final set of questions and comments. MLA Rowswell, we'll continue with combined time?

Mr. Rowswell: Yeah. You bet, if that's okay.

Mr. Neudorf: Yes, it is.

The Chair: Okay. MLA Rowswell, you may proceed. About five minutes left.

Mr. Rowswell: Thank you very much. It was kind of on the education side, too. I know that in the last budget Wainwright got approved for design funding, so I was just curious: does the ministry get involved in the design of schools, or is that up to the school board? Like, what involvement do you have in that part?

Mr. Neudorf: In my understanding – I will ask my staff to comment to that – at this point in time Infrastructure provides parameters on the size of schools. There are different sizes for different communities. But then there is an RFP, a request for proposal, put out to tender for a prime consultant to provide the detailed individual design of a school or a group of schools to meet the needs of that community and have that design put into the site that is selected. A site selection is done between the school division and the municipality for lands that are set aside for that, so that may also impact the particular design on that site, if a site is triangularly shaped instead of rectangular or if it's up against a natural barrier like a forest or a river or something of that nature that could impact that, how it intersects with adjacent roadways and servicing, where fire hydrants are, in terms of that kind of stuff. Most of that design is done by the private sector in response to a request for proposal by the ministry.

Mr. Rowswell: Okay. Great. That's good to know.

In the three minutes we've got left, I just wanted to – you know, we're all talking about building new stuff, and that's always exciting. Everyone wants to see a new thing, but you've got to maintain what you've got, and I know you're familiar with that. On page 76 of the business plan there's about \$400 million being committed to capital maintenance and renewal. How do capital maintenance and renewal projects benefit Albertans and keep buildings functioning safely and efficiently, and are there any significant capital maintenance projects under way right now?

Mr. Neudorf: Great question. Thank you, Member, for that. That's also been an emphasis of this ministry and our government, to make sure that we finish well and make sure we maintain the capital assets that we have to make sure their life is as long and healthy for use as possible. Existing capital assets continue to be a high priority under the CMR line item in the budget. Significant investments have been made, and we allocate 894 and a half million dollars over the next three years to this endeavour: \$317 million for government-owned facilities, \$529.4 million for health facilities, and \$48.1 million for school facilities.

This excludes an additional 299 and a half million that resides in Education's three-year budget for school maintenance funding paid directly to school boards for their internal priorities. If this portion

was to be included, we would have over \$1 billion invested in CMR to make sure that our government facilities are well maintained and taken care of to extend their life and make sure that they continue to meet the needs placed upon them on a day-to-day basis.

Mr. Rowswell: Okay. That's great.

You know, there are lots of projects out there, I'm sure.

Mr. Neudorf: There are, and I can add some specific names. Sorry. I didn't look at page 2.

Mr. Rowswell: Yeah. Fair enough.

Mr. Neudorf: I can do that. Some of those projects being undertaken right now are the Sir Frederick W. Haultain Building, which is abatement and system upgrades; Devon analytical labs and offices heating distribution systems replacement; the Fort McMurray courthouse air-handling unit replacement, that's anticipated to be complete at the end of August 2025; Grande Prairie Northern Addictions Centre chiller and control replacement, October '24 completion; Calgary fish hatchery and rearing station building motor control system replacement for December 2023 completion. Lots of projects ongoing there, making sure that we extend the lifetime of those facilities.

Mr. Rowswell: How do you prioritize them, you know, evaluate and prioritize them?

Mr. Neudorf: Again, that's a lot in work with our partner ministries. They would prioritize the projects. We have reintroduced the assessment of our facilities, which is some considerable cost, to go through all of Alberta and make sure we know exactly where our projects are at.

The Chair: Thank you, everyone. I apologize for the interruption, but I must advise the committee that the time allotted for consideration of the ministry's estimates has concluded.

Hon. members, this concludes the main estimates consideration of this committee for the 2023-2024 fiscal year. I want to thank everyone for their participation.

This meeting is adjourned.

[The committee adjourned at 12 p.m.]

