Legislative Assembly of Alberta

The 29th Legislature
Third Session

Standing Committee on Public Accounts

Health, Alberta Health Services, Alberta Medical Association, College of Physicians & Surgeons of Alberta, Energy

Thursday, September 7, 2017
9:01 a.m.

Transcript No. 29-3-10

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Third Session

Standing Committee on Public Accounts

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Dach, Lorne, Edmonton-McClung (NDP), Deputy Chair

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* substitution for Nicole Goehring
** substitution for Cameron Westhead
*** substitution for Derek Fildebrandt

Also in Attendance

Yao, Tany, Fort McMurray-Wood Buffalo (UCP)

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Eric Leonty	Assistant Auditor General
Doug Wylie	Assistant Auditor General
Sergei Pekh	Principal
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Transcript produced by *Alberta Hansard*

Standing Committee on Public Accounts

Participants

9:01 a.m. Thursday, September 7, 2017

[Mr. Cyr in the chair]

The Chair: Good morning, everyone. I'd like to call this meeting to order for the Public Accounts Committee and welcome everyone in attendance.

My name is Scott Cyr, the MLA for Bonnyville-Cold Lake, and I am the committee chair. I'd like to ask the members, staff, and guests joining the committee at the table to introduce themselves for the record, and I will then go on to the members on the phones. To my right.

Mr. Dach: Lorne Dach, deputy chair, MLA for Edmonton-McClung.

Mr. Yao: Tany Yao, Fort McMurray-Wood Buffalo.

Mr. Hunter: Grant Hunter, MLA, Cardston-Taber-Warner. Thank you for coming this morning.

Mr. Gotfried: Richard Gotfried, MLA, Calgary-Fish Creek. Good morning.

Dr. Mazurek: Karen Mazurek, deputy registrar, College of Physicians & Surgeons of Alberta.

Ms Hamilton: Kate Hamilton, chief of staff, Alberta Health.

Mr. Tremblay: Andre Tremblay with Alberta Health.

Dr. Amrhein: Carl Amrhein, Alberta Health.

Dr. Yiu: Verna Yiu, president and CEO for Alberta Health Services.

Mr. Gormley: Mike Gormley. I'm the executive director of the Alberta Medical Association.

Mr. Wylie: Good morning. Doug Wylie, Assistant Auditor General.

Mr. Saher: Merwan Saher, Auditor General.

Mr. Pekh: Sergei Pekh, audit principal.

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

Ms Luff: Robyn Luff, MLA for Calgary-East.

Ms Miller: Good morning. Barb Miller, MLA, Red Deer-South.

Ms Babcock: Good morning. Erin Babcock, Stony Plain.

Mr. Carson: Good morning. Jon Carson, MLA, Edmonton-Meadowlark.

Mrs. Littlewood: Good morning. Jessica Littlewood, MLA for the beautiful rural constituency of Fort Saskatchewan-Vegreville.

Mr. Malkinson: Brian Malkinson, MLA for the sunny constituency of Calgary-Currie.

Dr. Massolin: Good morning. Philip Massolin, manager of research and committee services.

Ms Rempel: Good morning. Jody Rempel, committee clerk.

The Chair: Thank you. At the moment we have no members on the teleconference.

I would note for the record the following substitutions: Ms Babcock for Ms Goehring, Mr. Carson for Mr. Westhead, Mr. Hunter for Mr. Fildebrandt.

If Ms Renaud would . . .

Ms Renaud: Marie Renaud, St. Albert.

The Chair: A few housekeeping items to address before the business at hand. I would ask that all members at the table speak clearly and close to their microphones. I would also ask that the microphone consoles – they're only operated by the *Hansard* staff, so there's no need to touch them. Audio and video of the committee proceedings is streamed live on the Internet and recorded by *Hansard*. Meeting transcripts are obtained via the Legislative Assembly website. Please turn your phones to silent for the duration of the meeting.

Let's move on to approval of the agenda. Are there any changes or additions to the agenda? Seeing none, would a member like to move that the agenda for the September 7, 2017, meeting of the Standing Committee on Public Accounts be approved as distributed? Mr. Hunter. All in favour? Any opposed? Carried.

The report by the office of the Auditor General, Better Healthcare for Albertans. We have the Ministry of Health, Alberta Health Services, the Alberta Medical Association, and the College of Physicians & Surgeons of Alberta for the meeting from 9 till 12. I'd like to welcome our guests who are here to speak on the special report issued by the office of the Auditor General. This report differs in many respects from the usual reports issued by the Auditor General, which generally include recommendations specific to the ministries and the agencies, the boards, and commissions that report to the ministries. The intent today is to have a productive discussion on this important issue. Research services provided a briefing document in preparation for this meeting, and the Auditor General will also play a guiding role in the discussions that we are about to pursue.

With the consent of the committee we will depart from our usual time allotment format for this session. We will be following a general rotation recognizing members of the Official Opposition, government members, independent members, including any members of the Alberta Party, Alberta Liberals, and the Progressive Conservatives who may attend and wish to participate. All members are asked to limit their questions to one plus one supplemental each turn. Members, please ensure that your questions are brief and to the point. I will ask our guests to do the same with their responses. We'll also organize our questions as much as possible into four categories; namely, the case for integrated health care, the current structure of public health care in Alberta, integration of physician services, and transforming care through the information systems.

The Auditor General will make opening remarks, and then we will spend half an hour on each category. In the time that remains, I will give our guests two minutes each to make additional comments, and then they will continue with our rotation until our time is concluded. I will now ask the Auditor General to provide an overview of his report, following which each of the invitees will have the opportunity to provide their comments and perspectives on the report. Once these opening remarks are complete, I will open the floor to committee members.

I will now ask the Auditor General for his overview report. Mr. Saher, you have 10 minutes.

Mr. Saher: Thank you, Mr. Chair. Good morning, everyone. With me today is Assistant Auditor General Doug Wylie, who has oversight of audits related to Alberta Health and Alberta Health Services

and the work that led to the report and the topic of our discussion this morning, Better Healthcare for Albertans. I'd also like to introduce audit principal Sergei Pekh on my right, the engagement leader on this project.

To begin, I want to thank the committee for inviting key participants in Alberta's health care system to discuss a matter of the greatest importance to Albertans, their health. Alberta has some of the best health care professionals in the world, but the strength of a health care system does not rely solely on the competence of its health care providers. It depends on their ability to work together, to manage quality results and cost of care for their patients.

Why did we do this report? Since 1990 the office of the Auditor General has conducted over 40 audits on aspects of Alberta's health care system, including seniors' care, mental health and addictions, primary care, and chronic disease management. The Department of Health and Alberta Health Services have implemented many of our recommendations for improvement from our previous audits and are working toward implementing more recent recommendations. Alberta Health Services has also undertaken significant initiatives to improve quality of care, but as of today many recommendations remain outstanding in the health sector, and many have been outstanding for more than three years.

Through all of our audits over the years we've observed an unfortunate pattern. While Alberta Health and Alberta Health Services report progress on some of the recommendations from year to year, in our follow-up audits we very often have to repeat recommendations. Weaknesses noted in our findings keep emerging and re-emerging over time because their root causes have not been resolved. This is a frustration for everyone. Better Healthcare for Albertans is our attempt to identify and help overcome the barriers that exist in the current system as a whole that are preventing Alberta Health and Alberta Health Services from being able to act on our recommendations.

There is another pattern to our recommendations. Many point to the need for an integrated health care system. Integrated care, or a system of care built around the patient and not administrative needs, has been the stated government policy direction since the 1990s. Through our examination of some of the best performing health care systems in the world, we confirm that a fully integrated health care system is the right goal. We also believe that Alberta is well positioned to lead the country in creating a high-performing health care system focused on quality of care for the patient. More money is not the solution.

9:10

But first there are three elements that must be focused on: building a patient-centred system, integrating physician services with other elements of the health care system, and transforming care through information systems. These are the topics which are the focus of more detailed discussion today.

Through our analysis we have determined root causes and impediments to progress and offered concrete examples from other jurisdictions with some of the highest quality of health care in the world. [An electronic device sounded]

Dr. Amrhein: Sorry.

Mr. Saher: That's fine. Don't worry, Carl.

What we need now is for all the people in our system – from the minister, the government, and all MLAs to the health care providers and professionals to individual Albertans – to act immediately if we are going to make a difference in the lives of Albertans. Real change would see them all taking specific action. The government must provide leadership to make integrating care a priority and hold others in the system accountable for results around the quality of care and health of Albertans.

Government administrators should not make care decisions. Their role is to ensure the experts they have entrusted to provide that care are held accountable for the quality of care they are providing patients. All Members of the Legislative Assembly must think and make decisions for the long term, not from the perspectives of short-term politics, election cycles, isolated controversies, and lobbying of local interests. Health care providers and medical professionals must change how they work, break down the silos, integrate services, and align data and funding flows around the care needs of patients.

But perhaps the biggest change needed is for individual Albertans to get more involved. To succeed, we need to change the mindset of every citizen in Alberta to be an active participant in the system. Individual Albertans must take a more active role and interest in managing every aspect of their health and their health care. It is the government's role to ensure that they have the tools they need to do it.

Mr. Chairman, nothing in our report is a new thought to the health care professionals in this room today. Better Healthcare for Albertans is our attempt to use our skills as auditors to help the government better deal with our recommendations over the years, all of which point to integrated health care. We present our report as an encouragement and guide for all of the participants in the system on how they must work together if we are to ever succeed in successfully achieving integrated and best quality health care in Alberta.

Based on our work I want to leave no doubt in your minds as legislators that improvements in our health care system are not only necessary and overdue, but improvement is entirely achievable. Albertans are paying for the best. They should expect and receive the best. Working together, we can build a more effective health care system.

In summary, setting out a strategy or a goal is a necessary first step, but it is a simple task by comparison to the skill and effort needed to accomplish that goal. My hope today is that you as members of the Public Accounts Committee, on behalf of your fellow legislators and all Albertans whom you represent, will achieve three things: first, that you will establish that the message in our report, Better Healthcare for Albertans, is confirmed by those appearing before you today; second, that you will confirm that no one part of the system can effect change on its own – in other words, you will confirm that the government, all Members of the Legislative Assembly, health care providers and medical professionals, and individual Albertans must all take specific action but in unison – and third, that this Public Accounts Committee will consider the need for a master implementation plan from those who must work together to realize a desired level of integrated care.

As auditors we seek to have our recommendations implemented. An implementation plan that this committee can monitor over time would evidence your support for your legislative auditor. The plan should state clearly who will do what and in what order and by when and what the costs would be along the way and how dependent each action is on the responsibilities of others.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Saher.

I will now call on the Ministry of Health to provide their opening remarks. Dr. Amrhein, you have five minutes.

Dr. Amrhein: Thank you. I apologize for my technological incompetence. I thought I was turning it off. Clearly, that wasn't the case.

Ministry of Health

Dr. Amrhein: Thank you, MLA Cyr, and thank you to the staff of the Auditor General's office for the hard work that went into this report. We appreciate the Auditor General's sincere interest in improving Alberta's health system. Without question, we are committed to improving Albertans' health and well-being through an integrated health system that is built around individuals and their communities and connects people to needed care and services. Alberta has made tremendous progress in developing a more integrated health care system, but we acknowledge there is still much work to be done.

As we delve into Alberta's health system today, I'd like to provide a brief overview of its structure so that members of the committee and the public are aware of its complexity and how it works. Alberta Health is the provincial government ministry responsible for setting the budget, legislation, policy, and standards for health care and health services in the province. The ministry consists of the Department of Health, Alberta Health Services, and the Health Quality Council of Alberta. The staff in our department work to provide broad strategic oversight and direction for Alberta's health system, for which the Minister of Health has ultimate accountability.

Alberta Health Services is the provincial health authority responsible for planning and delivering health supports and services for more than 4 million adults and children living in Alberta. Its mission is to provide a patient-focused, quality health system that is accessible and sustainable for all Albertans.

Alberta physicians are part of this plan, the majority of them as independent business owners or contractors. Physicians are regulated by the College of Physicians & Surgeons of Alberta, who issue their licences to practise. Community-based family physicians or specialists whose practices do not require AHS appointments may choose to practise anywhere in Alberta.

Under the Health Professions Act health professions are organized into self-governing regulatory bodies called colleges. Colleges carry out a variety of responsibilities, including setting education and exam requirements and investigating complaints about regulated members. There are 27 health profession regulatory colleges in Alberta under the Health Professions Act and an additional two under the Health Disciplines Act. The College of Physicians & Surgeons of Alberta is one of these. In all, in these 27 colleges there are approximately 151,000 health providers in Alberta.

In addition to the Alberta Medical Association, there are numerous associations, agencies, boards, commissions, and stakeholder groups affiliated with Alberta's health system. It is a complex, multifaceted, and ever-changing system.

Alberta Health takes the budget that is given by the government each year and works collaboratively with its partners and stakeholders to deliver the highest quality care to Albertans. The OAG report outlines four themes to improve health care for Albertans, and I'll say a few words on each.

Regarding integrated health care, there is much work being done. This includes initiatives such as governance changes to improve how primary care networks operate to ensure Albertans have better access to consistent, comprehensive, and seamless care and the amending agreement with the Alberta Medical Association, that fundamentally changes how government is working with physicians in this province. Our shift from an overreliance on hospitals and facilities to more community-based care is currently under way.

The report talks about the structure of the health system. All four organizations sitting before you today have a shared vision and understand our respective accountabilities, and indeed the four organizations today spend a great deal of time working with each other on a weekly basis. Alberta Health's role in this shared vision is the oversight body and funder of the system, AHS is the service delivery arm, the CPSA is the regulatory arm for physicians, and the AMA is the advocacy arm for physicians.

9:20

Together we work to ensure quality care for patients while managing spending and ensuring we are being as efficient as possible. There is not a parallel management function between Alberta Health and AHS but, rather, a close working relationship that determines how policy and fiscal accountability will be reflected in service delivery, and Verna and I often start each week at 7 a.m. in one of our offices to plan the week ahead.

When we look at the integration of physicians, the new amending agreement with the Alberta Medical Association is a fundamental element to help guide the work with physicians to manage and protect the health system. We'll be looking through the lens of shared stewardship rather than through the lens of health system ownership. The agreement contains some initiatives discussed in the Auditor General's report such as developing new compensation models for physicians. The amending agreement is a testament to physicians' willingness to partner with the government in developing solutions that will improve health services for patients over the long term while building a fiscally sustainable health system. It marks a new era of trust and collaboration where we all come to the table with a common understanding.

We agree with the report's assertion that health care can be transformed through information systems. According to a recent report by the Canadian Institute for Health Information, Alberta has the highest electronic medical record adoption rate in Canada, with more than 80 per cent of community physicians using the electronic record, and there now are over 45,000 registered users of the provincial electronic health record known as Netcare. In order to ensure we have a platform that will allow AHS to create a single electronic health record for every Albertan, we're moving ahead with the development of one province-wide clinical information system for AHS that is integrated into Netcare.

To conclude, I just want to be very clear that the partners here today are committed to working together to improve health care integration and to provide Albertans the highest quality health care. Achieving these goals will take strong leadership, a strong long-term vision, and collaboration built on trust. We are all dedicated to achieving those goals and to putting patients at the centre of all we do.

Thank you for the opportunity to address the committee.

The Chair: Thank you, Dr. Amrhein.

Next we'll hear from Alberta Health Services. Dr. Yiu, you have five minutes. Please go ahead.

Alberta Health Services

Dr. Yiu: Thank you very much for inviting us today to discuss integration of health services in Alberta. The issues raised in this report align with work that AHS is already doing to shift our collective thinking and approach to health service delivery. I would like to thank the office of the Auditor General for its work over the years to help improve patient care, efficiency, and safety in our health care system. The OAG has made a total of 67 recommendations to improve the health care system, 39 prior to 2009 to previous health authorities and 28 since 2009 to Alberta Health Services.

Since 2009 more than 80 per cent of the recommendations have been implemented. We still have work to do, but we have come a

long way. We are working with our partners, stakeholders, and all Albertans to create a health care system that supports the health needs of all Albertans. Our work is aligned with the goals and direction of the government of Alberta and the goals outlined by Alberta Health. By working together as one health system, we have been able to improve patient outcomes and enhance experiences for patients, clients, and families as well as for our 130,000-plus hard-working staff, physicians, and volunteers.

One important recent example was our response to the introduction of the medical assistance in dying legislation. AHS implemented a compassionate approach that protected the rights, beliefs, and actions of patients, families, and health care providers. The result is a standardized model for supporting and reporting our medical assistance in dying. It is recognized as the best in Canada and is being replicated by other provinces, but this would not have been possible without collaboration and hard work with our different stakeholders here at the table.

I would also like to highlight three key AHS initiatives under way to improve integration of health services. Enhancing care in the community is focused on supporting patients and people at home in the community with enhanced care and supports to keep them healthy and well and out of hospital where there are other alternatives. Primary health care integration is enabling primary care teams, both within and outside AHS, to work more closely together to improve care for patients across Alberta as they move through the health system.

We are also developing the foundation for the AHS provincial clinical information system. This is part of a larger initiative called connect care, which, when implemented, will enable health care providers to access patient information that will travel with the patients wherever they access the health system. Alberta Health Services has already undertaken significant initiatives to improve quality of care, including the creation of strategic clinical networks, bringing AHS and non-AHS providers and partners together to identify evidence-based clinical practices and to design clinical pathways. The access improvement measures program, AIM, in conjunction with the Alberta Medical Association has helped family and specialty physicians and AHS chronic disease management programs to measure demand, improve work flows, reduce wait times, and increase patient and provider satisfaction.

The AHS patient-first strategy reflects a patient- and family-centred care philosophy. CoAct is an innovative model of care in which care provider teams collaborate more closely with patients, but most importantly it places Albertans at the centre of the health care team.

Alberta's annual per capita health care spending on administration is the lowest in Canada and about 25 per cent below the national average. We have a comprehensive quality improvement program, called AHS improvement way, based on Lean and systems improvement principles. Over 10,000 of our staff have actually been trained on AIW, and many projects have been implemented at the front line and have brought benefits to patient care.

We have patient navigators working in cancer care, medical assistance in dying, and also dementia care through Health Link 811.

AHS is setting the scene for what provincial health care can be. Nova Scotia recently moved to a single health care system, and Saskatchewan has announced a similar provincialized health care system. I believe AHS is well positioned to continue its transformation into a health system that Albertans need and deserve, but the only way we can do that is to keep working with all of our partners: the government of Alberta staff positions, the AMA, the CPSA, and many other stakeholders and partners and, most importantly, Albertans themselves. It will take all of us working together to improve care, experience, and outcomes.

Thank you for the opportunity.

The Chair: Thank you for that, Dr. Yiu.

Next up we have the Alberta Medical Association. Mr. Gormley, you may begin.

Alberta Medical Association

Mr. Gormley: Thank you for the opportunity to meet with you this morning. The Auditor General's report on Alberta's health care system provides an overview of many aspects of the system that are working as well as many that could be improved. Some attributes that the report highlights for improvements are being addressed while others do require additional support and further efforts.

Having said that, I believe all the organizations here, as has been indicated, agree on the importance of the key themes that the report addresses, including the integration of care, the structure of the system, the role of physicians, and informatics. There is a lot of consensus among the parties at the front of the room about what needs to be achieved in the system for patients.

While that agreement has been there – and the Auditor General pointed out in his report that it's been there for some time – in terms of some of the basic things that need to happen, the challenge has been, really, in deciding exactly how to proceed given the abundance of possible strategies and a need to use resources efficiently and with accountability. In the last year, however, there has been a real leap forward in the form of the amending agreement and other initiatives. These activities have the potential to address many of the issues that the Auditor General has identified, moving us forward in a sustainable manner.

This will occur as the result of some of the key concepts that the amending agreement enshrines. These include working in new partnerships between physicians, government, and AHS; sharing risk; and sharing leadership. For example, the primary care network governance framework will allow co-ordinated decision-making amongst the primary care networks, co-ordinated resource-sharing between PCNs and AHS at a zonal level, and two-way communication from and to the front lines for planning and policy-setting and advice.

9:30

The Physician Resource Planning Committee was first conceived in the amending agreement and recently formalized in regulation. This committee will develop a needs-based physician resource plan to identify the supply, mix, and distribution of physicians that Albertans need. The parties will work together on the plan and use their respective powers and mechanisms to manage the targets set by the minister on the basis of that plan.

Initiatives in informatics will help to enable the flow of integrated information and to allow that to follow the patient. These initiatives are more about technology because they link to transformative change in the delivery of care. A couple of examples of these: there is the new information-sharing agreement for the provincial clinical information system that includes information-sharing policies and stakeholder arrangements about the collection, access, use, and disclosure of patient information, and there is the community integrated information project that is being piloted now. This pilot will allow information to flow from physician electronic medical records in the community to Netcare for clinical purposes and to a secondary data platform for system management and analysis purposes. We'll also generate high-value reports to physicians about the way they're practising and how they compare to their peers.

A central patient attachment registry will allow every patient in Alberta to be linked formally to a family physician to encourage better care as well as mutual responsibility in the doctor-patient relationship.

Finally, in the area of informatics, a provider registry is being developed to increase efficiency and reduce gaps in the consultation referral process. We'll also support timely communication of critical test results and other needs such as public health or other emergencies.

We are moving from a heavy reliance on fee-for-service to increased population-based funding. There has been a blended capitation model developed between Alberta Health and the AMA, and Alberta Health Services was also involved, a model which then moves to a population-formed base of payment for primary care that is being tested now and will encourage comprehensive, team-based care versus episodic care.

Finally, I'd like to mention the new provincial framework for academic alternative relationship plans, that will allow more movement and different incentives for care delivery and measurement of results, particularly for specialist care in hospitals in academic settings.

There are, as always, many moving parts. Increasingly value will come from the ability of the parties to get those parts working together. The amending agreement and other things that I have just described create some platforms that are needed. We now have a real opportunity to launch from these platforms and to make measurable strides in improving integration of care for Albertans.

Thank you.

The Chair: Thank you, sir.

We will now move to our final participant, from the College of Physicians & Surgeons. Dr. Mazurek, you have the floor.

College of Physicians & Surgeons of Alberta

Dr. Mazurek: Good morning. Thank you for the opportunity to be here. I'm here on behalf of our new registrar, Dr. Scott McLeod, who joined us in July. Dr. McLeod wanted to be here himself today, but it is the first meeting of our council, and he felt that it was best that he attend.

I'll start with a word about the college and just quickly outline two priorities for our response to this report. The College of Physicians & Surgeons is the medical regulator in the province of Alberta under the Health Professions Act. Our primary purpose is to act on behalf of the public to ensure that physicians deliver high-quality care to Albertans. Our governing board is made up of physicians and public members. Our current president is a public member, not a physician. We license physicians, we manage complaints, we set professional standards, and, very importantly, we ensure physician competence. We aim to inspire physicians to strive for excellence in medical practice and to participate in high-functioning clinical teams, which we believe will result in the best possible outcome for patients. We're committed to advocating for the values of the profession, which include discussing issues based on good evidence, being transparent in our decision-making, and promoting equity in access to health care both for individual patients and for communities and populations.

We support the Auditor General's vision of a more integrated health care system. We agree that integration has to be part of the way medical practice evolves in the future, and I want to talk to you about two priorities for the college as we help shape that evolution. They are, first, accountability for the quality of care and, second, clinical information.

First, quality and accountability. The Auditor General is right to point out that physicians determine how most of the resources in the system are used through the choices they make for individual patients. That's the problem; it's also the solution. As medical leaders we need to challenge physicians to do better and hold them accountable to each other, their regulator, the health system, and ultimately to Albertans.

CPSA is increasing accountability in several ways. First, we are taking a wider view of quality through our new competence program, which includes individual physician assessment and on-site visits to assess community-based practices. We are assessing how practices meet our standards, and we are supporting physicians to build quality improvement and quality assurance into their practices.

Physicians respond to data, especially when it compares them to their peers and benchmarks set by their profession, so we've just taken another new step with a report called MD Snapshot. It gives every Alberta physician information about their prescribing of opioids and benzodiazepines in comparison to their peers and evidence-based benchmarks. We want to refine the data and expand the snapshot over time. The Health Quality Council of Alberta, Alberta Health Services, primary care networks, the AMA, and others also have good initiatives under way to provide data and feedback to physicians, but we need a common approach, and we are reaching out to our stakeholders to co-ordinate these quality initiatives.

By working together with our system partners, we believe that there is potential for a comprehensive, province-wide initiative on quality such as a system-wide approach to reduce inappropriate and unnecessary care. Given the CPSA's wide reach to physicians, ability to influence physician practice, and our analytic infrastructure, we are ideally positioned to partner with AHS, PCNs, the Health Quality Council, and others to support the efforts currently under way and develop a co-ordinated approach in Alberta using indicators such as those identified by Choosing Wisely Canada.

The other priority I want to touch on is clinical information. Our position is that every patient in Alberta should have an integrated electronic patient record that is accessible by all health care providers involved in the patient's circle of care and by the patient. To promote this goal, we've adopted a CPSA road map toward an integrated electronic patient record. The road map has four goals. All physicians will use an electronic medical record to document care of all patients, all physicians are actively connected to Alberta Netcare, the personal health portal will give patients access to their integrated records, and, finally, a secure and reliable e-health infrastructure.

The college is putting the road map into action. In 2017 we developed a standard of practice on prescribing which requires physicians to check Netcare before prescribing medication such as opioids and benzodiazepines. By 2020 we will require all physicians to have an electronic medical record and access to Netcare in their offices. [A timer sounded] The CPSA road map toward an integrated health record aligns with and supports Alberta Health and Alberta Health's work in developing the provincial clinical information system and is a good example of how our organizations collaborate to integrate care.

The health system in Alberta has many strengths.

9:40

The Chair: Are you almost done with your presentation?

Dr. Mazurek: Yes.

The Chair: Thank you. Please proceed.

Dr. Mazurek: The health care system in Alberta has many strengths, as pointed out: a single health region, Alberta Netcare, a pharmaceutical information network, primary care networks. Many quality initiatives are under way. There is more work to be done to improve integration of care for Albertans, and CPSA is committed to working with our partners to achieve that goal.

Thank you. I look forward to your questions.

The Chair: Thank you very much for that, Doctor.

Having heard from each of our guests, I will now ask the Auditor General to briefly speak on the first of four categories that we are going to have.

Just to bring light to which categories we're going to have, we're going to have the case for integrated health care as the first category, the second category is current structure of public health care in Alberta, the third category is integration of physician services, and the fourth category is transforming care through information systems.

Mr. Saher, would you mind speaking on the first case, which is the case for integrated health care.

Mr. Saher: Thank you, Mr. Chairman. Just to reiterate, the scheme is that the meeting will proceed with four distinct sections.

This is the first section. Sort of the headline is the case for integrated care. I mean, the case that we have tried to set out and that I believe has been confirmed by all of the participants at the head of the table is the solution for moving forward to the highest quality care system, that we all aspire to. Integrated health care is the answer to controlling cost. It may seem odd, but better health care doesn't have to cost more in the long run. Integrated health care has been the government's stated goal for 25 years. Finally, integrated health care and its benefits are not a pipe dream. Leading health care systems around the world have succeeded by integrating their health care system.

Those were just designed to be some introductory comments to guide the discussion in the first section. Thank you, Mr. Chair.

The Chair: Thank you, Mr. Saher.

I will now open the floor to questions from committee members, focusing on our first topic.

Just as a reminder before we get too far, this is one question, one supplemental. I would ask committee members to be cautious in not adding seven or 10 or 15 questions to one question. Please respect that. As well, I would encourage you to give our guests the opportunity to speak between questions. Thank you very much.

Mr. Panda.

Mr. Panda: Thank you, Mr. Chair. Thank you, everyone, for taking the time to come here and sit with us and share the status of our health care here. We want to extend our special thanks to the Auditor General and his team. It seems that a lot of work went into this, and you have shown a lot of passion. Those are most of the questions, actually, Albertans are asking us in our constituencies.

Specific to section 2, when addressing integrated health care in your report, you quoted from the Ministry of Health's clinical information system business case on page 12. It's in the blue font on the top. In short, "Albertans are not getting the best value for their healthcare dollar." You mention unnecessary tests and prescriptions, but what else is driving our costs up? Can you comment on that, Mr. Auditor General?

Mr. Pekh: One of the points we're trying to really emphasize is that some of the cost drivers in the health care systems are not one item on the financial statements. It's really diffused. It's the chronic diseases. Some of the information that's coming out of the Choosing Wisely Canada physician-led quality improvement initiative identifies issues like 50 per cent of prescriptions for antibiotics in the community being either unnecessary, inappropriate, or otherwise not needed.

Up to 30 per cent of certain diagnostic imaging procedures are not necessary or are redundant. Those are the sorts of things that would be very difficult to manage to identify. They're the decisions that are made by providers on a daily basis, and those are the result of the way those providers are connected together in a system or, in this case, disconnected from one another. A solution to those problems really lies in making the providers, linking them together by a set of mutual incentives and mutual accountabilities, be centred around the care needs of the patient.

Thank you.

Mr. Panda: Thank you. On page 13 you mentioned "deep-seated structural challenges." I imagine we could find wasted money there. Am I correct, and what have you found?

Mr. Saher: When we talk about structure, we really mean the relationships between the Department of Health, Alberta Health Services, and the medical profession. I mean, I think these are where we are encouraging those parties to consider how they can, if you will, better interact with each other. I mean, the Deputy Minister of Health talked this morning about how he and his staff are seeking to interact in a forthright, action-oriented way with Alberta Health Services. The representative from the College of Physicians & Surgeons has talked about how structural changes are necessary. We're really talking – this whole report is about opportunity.

You know, going back to the question that my colleague answered in terms of costs – I think that was the direction you were going – I think the point that we're trying to make is that there is an opportunity to control costs rather than see them continue to escalate in the future, that by moving in an organized way to better-integrated care, you actually control costs. You know, the very simple notion of focusing on primary care, focusing on the patient at the centre of the system, from our analysis and evidence, is the key to controlling cost in the long term. Primary care is where costs down the line can be prevented.

My colleague has mentioned chronic disease management. That's what we learned in our audit of chronic disease management, that for anyone suffering from a chronic disease or in many cases for those unfortunate Albertans who suffer from more than one, it's the care plan that is produced to look after them in a holistic way throughout their life which is the answer to controlling costs.

Mr. Panda: Okay. Thank you.

Do we rotate now?

The Chair: Yes.

Mr. Malkinson.

Mr. Malkinson: Thank you very much. You know, it's a rare opportunity in this committee when we have all parties here at the table, in one place, and on the record to talk about how to improve our health care system and how it works. I was hoping that we could just get a little bit more detail about how the health system is structured and how your organizations work together in that structure. I think it might make sense for perhaps Dr. Yiu to start off with just sort of a brief overview of how that structure works and how you work together.

Carl, you can answer this as well.

Dr. Amrhein: Okay. I'll start. We'll need advice from the chair because my guess is that almost all of the questions we're about to

hear in the next little while will have answers from each of the organizations in the room. I think that's the purpose of the integrated approach. I'll go first . . .

The Chair: Sorry. I don't mean to cut you off, but I would ask that the questioners or the members that are asking the questions be very direct about whom they would like answers from. That would be helpful.

Mr. Malkinson: Okay.

9:50

The Chair: In that way, we're not spending a lot of time on, say, one question and getting the same answer six or seven times.

Mr. Malkinson, have you specifically got someone in mind for your question?

Mr. Malkinson: No. I mean, since we are starting to talk about, you know, the integration of a patient-centred health care system, like I said, this is a purposely designed question for everybody. It's just a quick comment on how they view what their structure is and how they work with the others at the table. That's just meant to be a quick overview to get a sense of the rest of it as opposed to – it's not supposed to be a long-winded answer.

The Chair: Fair enough. If we can abide by that, that's fine.

Dr. Amrhein: The Ministry of Health provides the broad strategic oversight and direction, and as stewards of the provincial integrated health information environment we also oversee and administer over 30 pieces of legislation such as the Alberta health care insurance plan, which is a major one. The ministry consists of the Department of Health, Alberta Health Services, and the Health Quality Council of Alberta, but the minister also has authority under the relevant statutes with the regulators of the system.

Alberta Health Services is responsible for the delivery, and we have now organized the province, with the leadership of AHS, into five zones: the north zone, Edmonton, central, Calgary, and the south zone. That five-zonal structure is really very important because the recent announcements on the primary care network governance reorganization have seen the referendum that the AMA put to their PCN colleagues validates that the primary care network community will also map aggregation of their PCNs into the five zones.

So for the first time we now have a very strong linkage between primary health care, that is delivered overwhelmingly through family physicians, through the primary care networks, and the acute-care system, which is administered entirely by AHS through over 100 hospitals and their contractors and long-term care. Through that zonal structure we are bringing the PCNs, with the help of the AMA and AHS, into a shared environment where physician leaders from both primary care and AHS come together to map that continuum of care from primary care through to acute care.

Critical in all of this is the fact that AHS is the single health care delivery system that Alberta has set up. They're responsible for the hospitals, they're responsible for long-term care, they're responsible for supportive living either directly or through contracts, and most importantly – and we'll probably say a lot more about this if we get questions on home care – they are responsible for the emergency systems, the ambulances, the helicopters, and the fixed-wing aircraft. As we imagine community-based paramedicine and a greater reliance on home care, that becomes a critical circulatory piece.

The other critical piece in all of this is the relationship that we have with the Alberta Medical Association.

That's the short version. The long version is much longer.

Mr. Malkinson: Fair enough. Perhaps if any of the other members at the table just sort of want to add to it from their perspective. Of course, briefness, as per the chair's instruction, would be much appreciated.

Dr. Yiu: I think Dr. Amrhein gave the big-picture sort of overview, but maybe on a little bit more of a granular level I can just say that the day-to-day workings between Dr. Amrhein and myself are very, very interlinked. As he said, we meet weekly, every Monday morning. Andre Tremblay has joined us in those meetings these days. In addition to that, we actually get our joint executive teams together on sort of a monthly to quarterly basis. All of our executives within AHS actually have a very close linkage to their appropriate ADM counterpart within the ministry, so in many respects the interworkings between the department and AHS, I would say, are fairly optimal at this stage. You know, we define the roles around trying to be clear around the responsibilities so that there isn't duplication in our activities. We rely on the ministry to give us direction on policy, and then it is up to Alberta Health Services to roll out and implement.

I just also want to add that we have very close relationships with CPSA as well as with the AMA. Again, we are all interconnected. Alberta is a small world, and we work very closely together.

Mr. Gormley: The only thing I would add is that the Alberta Medical Association is a member-based organization, so many people then associate us with one of our major functions, which is negotiating with Alberta Health. We're not a union, so we're not under collective bargaining law, but we do negotiate on behalf of the profession. Traditionally in Canada those negotiations have centred on issues of reimbursement, especially rates, levels of fees. Increasingly, as you see in the new agreements, they're moving on to other issues: EMR, and the EMR program was through an AMA agreement; PCNs were first in an AMA agreement; governance; and so on.

We do cover off issues such as rates and so on, but increasingly it's also about the system and working with Alberta Health and Alberta Health Services on that.

Mr. Malkinson: Okay. Thank you.

Dr. Mazurek: I'd like to echo these comments. I think the most important thing is our strong relationships. We do meet regularly with all of our partners, and at any important table we're all represented.

One good example of how well we work together is the example of medical assistance in dying. It's a little, tiny example of how we collaborate. Part of it is that we all have unique roles and responsibilities. We understand each other's roles and responsibilities, and we align and co-ordinate our activities. Medical assistance in dying illustrates that very well. For example, the college sets policies, procedures. Alberta Health has to put it in action for patients. The Alberta Medical Association needs to ensure that the members will come onboard. Alberta Health clearly has an obvious interest that patients get the care they need. It's just a small example, but I would support that our relationships and how we work together is a critical piece.

Mr. Malkinson: All right. Thank you, guys. I think I used my time on that one, so thank you very much.

The Chair: All right. Mr. Panda.

Mr. Panda: My next question is to the Health and AHS officials. On page 15, second paragraph, the Auditor General noted that

"other countries are improving much faster and with less money." What specifically is driving up our costs?

Dr. Amrhein: The question of the cost is an extraordinarily complicated question. There are many ways that we look at cost, and the team behind me has long and deep expertise. We can look at the total cost of the system, but we also have to look at the total cost to the system in the context of everything that the public system in Alberta provides. We often find ourselves in comparisons between other systems, where the basket of goods and services that Alberta has chosen to provide, even within Canada under the Canada Health Act, is different. We have to calibrate for precision in the basket of care delivery. We also have had to calibrate for, until recently, the elevated cost structure of doing business in Alberta: rent, materials, support staff.

The other way we can look at cost is cost per capita, and in the analysis of cost per capita we have to look at the social determinants of health. We have to look at the distribution of health conditions across Alberta.

Alberta is 20 per cent larger than the country of France, and if you extract Edmonton and Calgary, then you have a population density that is among the lowest population densities per square kilometre in the developed world. Alberta traditionally has provided a very high level of care regardless of location. That's the reason why Verna also runs a fleet of aircraft, a fleet of helicopters, and a very large fleet of trucks. Part of the reason that our costs are elevated is simply the geographic reality of Alberta being a very high-quality service delivery, uniformly across the province, with very low population densities.

10:00

Another feature is the bundle of services that Albertans have come to expect from their public system, which even within Canada is a larger bundle, and then there's the cost. Having said all of that, the Auditor General quite accurately reports that if we can find a way to much more successfully and comprehensively integrate primary health care with acute care with pharmacy with diagnostic labs across all of the various components of care, then we should be able to extract efficiencies. There are efforts already under way that demonstrate that that in fact is under way.

For some details, again, Verna, you can provide the details from the perspective of AHS. CPSA can talk about from their perspective the success they've had in working with AHS under Choosing Wisely, for example, to deal with a much more robust, cost-effective, and better, safer, healthier treatment of certain types of pharmaceuticals in frail elderly. But I'll defer to the experts for the details.

Mr. Panda: Since we have a very short time and we have lots of questions, maybe I'll get my supplemental out first. If you look at the budget, almost 40 per cent of the annual budget for Alberta goes into health care, and still people are not very happy about the care they're getting. There is scope for improvement, so what specific areas have been identified as areas of potential cost savings?

Dr. Amrhein: Verna Yiu is running a comprehensive review of the expenditures of AHS. In the ministry we think that our efforts to create that rich, integrated health information ecosystem that has the AHS CIS as the major new piece – we are working with the AMA, and Michael Gormley can talk about the AMA efforts to help the ministry work with the family physicians to have their information migrate to Netcare and beyond. So we expect some significant work out of the data integration environment.

We think the PCN governance initiatives, the reinvigoration of the shared effort between AHS and the PCNs will create efficiencies.

We have recently announced the Physician Resource Planning Committee that Andre Tremblay is chairing. It's a multistakeholder group. Everyone at the table here has a role on that committee. We think we should be able to do a much better job of successfully placing physician and health teams across the province to deal with some long-standing gaps in the coverage that rural mayors and reeves continue to bring to our attention on a regular basis.

Those would be the high points. Andre can talk about the physician resource plan, Mike can talk about efforts with the primary care physicians on data integration, and Verna can talk about her budget initiatives. AHS is the largest component of the largest ministry budget, so I think the many initiatives Verna has under way are particularly relevant. So perhaps Verna goes first.

Dr. Yiu: Sure.

The Chair: Sorry for keeping this compact.

Mr. Malkinson, do you have a follow-up question?

Mr. Malkinson: Yeah. I'll move on to my next question.

The Chair: Yes, please.

Mr. Malkinson: The Auditor General's report is critical about what it says is "parallel management of the healthcare system," noted on page 25 of the Better Healthcare for Albertans report. In particular it was talking about, you know, fragments of information – I think you had a quote in there – equals "fragmentation of care." My question is to Alberta Health and Alberta Health Services: how does this system work, and in particular how does a shared vision and respect for accountability work between Alberta Health and Alberta Health Services? What are the mechanisms for ensuring consistency of communication and direction? Are there any opportunities here as far as finding efficiency in terms of preventing possible duplication?

Dr. Amrhein: When Alberta created AHS, I was in another environment, so I watched from the sidelines. But when I joined the ministry, it was put to me that the creation of AHS was one of the largest corporate mergers in Canadian history, bringing together a number of very large, very complicated corporations. The experts from the business environment, the business community that I consulted with advised me that the easy part is the merger and then squeezing the efficiencies out of the new, much larger integrated entity will take some time. I think we're beginning to see the results of a very long and diligent initiative set by AHS. AHS, as the Auditor General points out, already has the lowest administrative overhead. That's good. We celebrate that. The question, then, is: what's next?

We think in part what's next, as Verna Yiu mentioned – the senior management team of the ministry and the executive leadership team of AHS meet regularly. For example, a couple of years ago we started identifying reports that AHS was preparing that the ministry no longer needed, so we started eliminating that. We have been working through the finance and audit teams to identify areas where the residual inefficiencies arising out of a merged organization – we move those out now as well, and that's allowed us to deal with some of the redundancy that you point out.

We have our business plan, and the business plan is overseen by the minister. AHS submits their business plan, and the minister takes a detailed look at it. In those conversations we identify areas where we will do better.

I've already said quite a lot about the integrated information environment. I won't repeat that.

What we've been trying to do among the four organizations is recognize that the problems we face are large and complex. We have a growing population, we have an aging population, and for various socioeconomic reasons we have an aging population with increasingly complex comorbidities or multiple conditions.

When we finished the amending agreement – the three signatures on the amending agreement are AMA, AHS, and AH. The three of us now meet very regularly as a management committee, and at that management committee each of us and our staffs bring forward ideas on things that we can do better. For example, the ministry, as part of the master agreement, provides funding to the AMA for the project management office of the PCNs. As we embark on the renewed governance structure with the PCNs, we've been making sure that the work that the project management office does is not duplicated in the ministry. Michael does what he does, and we give them the room to do that, and then we stick to our policy.

So maybe Verna and Michael, if time permits, can give some more specific examples.

Mr. Malkinson: I will defer to the chair on that one.

The Chair: You can ask a second question if you'd like specific questions.

Mr. Malkinson: I think I'm good right now. Thank you.

Dr. Yiu: I just want to comment that we are very much aligned with the ministry in regard to our health and business plan. We're very excited that we have a three-year health and business plan that's on our website, that's accessible to the public. It's a three-year road map that actually embraces what we call the quadruple aim, and what the quadruple aim means is very similar to a balanced scorecard. It really talks about improving Albertans' experience in the health care system. It's about improving outcomes, it's about having the right information at your fingertips, and, very importantly, it's about being a sustainable health care system. We all want our health care system to be sustainable and for us to have quality health care into the future.

Under that health and business plan we have a three-year road map, which has four foundational strategies that we've spent the last literally three years developing to culminate to this point. There are very clear operational and action plans under each of those, and we have metrics that we report back to the ministry. It's been approved by the Minister of Health, obviously, and we're very excited about that because we think that this will actually get us to the point in three years where it can leverage us off into really becoming a high-performing health care organization.

10:10

Part of the importance of our health and business plan, though, as has been pointed out, is the importance of actually being able to work with others because this isn't the AHS health and business plan; this is our health and business plan. We all own the health care system. The health care system belongs to Albertans, and Albertans have to be, really, at the centre of this, so very much part of the development of the health and business plan has been our patient and family advisers who, actually, have been integral in providing input to all of our four foundational strategies.

Mr. Malkinson: Right. Thank you.

The Chair: Mr. Panda.

Mr. Panda: Thank you, Mr. Chair. The Auditor General noted that "integration has been a policy direction in Alberta since the 1990s." That's mentioned on page 12. Deputy Minister, what delays are getting in the way and what specific plans are in place to encourage integration earlier as opposed to later?

Dr. Amrhein: Well, I think the major initiative of integration, one of the long-standing conditions of those health systems that are recognized as heavily or fully integrated, is bringing the primary health care and the acute care together into a single environment. Again, the PCN governance review and the committee structure that we have set up will bring AHS leaders and primary care network leading physicians into a single environment, where they jointly plan initiatives across Alberta.

The integrated health ecosystem is a piece where, as the CPSA has already identified, we think that there are not only cost savings but significant improvements in the quality of patient care and the timeliness of delivering the patient care. We think there are other avenues of work that can be undertaken to more seamlessly and rapidly provide in a digital environment access to the progress towards appointments with specialists. We think that the example that is coming out of the work behind the Valuing Mental Health implementation plan, where we have convened an advisory group that is well over a hundred individuals and dozens and dozens of organizations from across Canada, will allow us in the ministry to have access to, really, the best-in-class thinking from across Canada and beyond.

One of the examples where we can point to for sure best in Canada and arguably best in the OECD world is the leadership that the CPSA provided in medical assistance in dying. Trevor Theman, Dr. Theman, at the time was the registrar. He led the discussions in Canada. The Alberta model was the model that began to take root across the various jurisdictions, and AHS has worked with CPSA to implement a one-stop organizational structure under Dr. Silvius, where anything and everything connected with MAID, from the patient to the physician to reporting to the federal government – all of that comes together into a single place within AHS under Dr. Silvius. AHS makes sense. They have the hospitals. They have the ambulances. They have the long-term care. So that's one very concrete example where we have achieved, I would say, the ideal platinum standard of integration in a critical area.

The Chair: Please finish your questions. Then we'll move on to another section.

Mr. Panda: My colleague has a follow-up question on that.

The Chair: So he's using your supplemental?

Mr. Panda: Yeah. Go ahead with your question.

Mr. Fraser: Sorry. The question that I have is for the college as a follow-up. You talk about being accountable to Albertans, and physicians need to be accountable to other physicians. Obviously, I would assume you would also say that physicians need to be accountable to other practitioners. The Auditor General has also mentioned overtreatment – you've mentioned that – maybe over-prescription. How many audits a year does the college perform on physicians? In the last year, based on those criteria – overtreatment, overprescribing, or overbilling – how many physicians have been audited and how many physicians have been disciplined under the college?

Dr. Mazurek: One point I'd like to make is that through the Health Professions Act, regulation is becoming much more proactive. In

the past the only way a regulatory body could improve care was through that disciplinary process, but the Health Professions Act gives us the ability to be much more proactive in terms of ensuring that physicians are competent. When we discipline physicians, it is basically, I'd like to say, an absolute last resort. We want to be much, much more proactive than that.

So what we're doing now, one of the great examples, is our ability to access the prescription program database. As you probably know, the college manages that program on behalf of Alberta Health – it's not a college program; it's a multistakeholder program – but out of that we get prescribing data. What we've done in the last year is we have looked at prescribing of opioids and benzodiazepines for every physician in Alberta, and we have provided a data report that's benchmarked to best practices to every doctor who prescribes one of those two agents. It's a proactive thing. With that we provide educational material, knowledge translation strategies because we want to move the profession to best practice.

You've got to understand that practice is always evolving and changing. In the example of opioids, there's been a very significant change in the clinical guidance, so we actually provide data to every doctor. On top of that, we run more of a high-risk audit. We look for inappropriate variation, and we support those physicians one on one through education, through support to try to enact positive practice change to support the relationship those physicians have with their patient so that they provide that patient good care as opposed to discipline, which becomes very adversarial. Often the doctor-patient relationship will be destroyed in that process.

The Chair: Thank you.

Now we'll move on to the next section, which is the current structure of public health care in Alberta.

Mr. Saher, you have two minutes to give a quick, brief overview.

Mr. Saher: Okay. I've got this section described as building an integrated, patient-centred health care system. Why is integration of the health care system important? I mean, I think that much has already been said. I think, Dr. Amrhein, as you predicted, many questions will – it's very hard to answer questions in a narrow scope. It's a demonstration of how integrated everything is. Nevertheless, the attempt, I think, is to focus the questions and perhaps the minds of those in the room on this subject.

Why is integration of the health care system important? Here are just some thoughts. In health care success in one part of the system often relies on active effort elsewhere. For example, solutions to problems in emergency departments often call for changes in primary care. To meet the care needs of Albertans, individual providers need to work together as one team connected by a set of incentives and accountabilities.

Our report states that at present, "Alberta's public healthcare does not operate as one system." We use the analogy of an orchestra. "It is like an orchestra without a conductor – a collection of independently acting healthcare providers and professional groups that offer treatment through a series of isolated . . . episodes, each within its own scope of practice." We make the point that incentives are not aligned with patient care needs and care quality. We believe that there are fragmented responsibilities and diffused accountabilities for results, and, importantly, Albertans are not engaged in their own care.

We think that this section of the morning's discussion should focus on two key questions: what needs to change for all providers to operate as one system, and how can the system be better aligned to focus on the care needs of patients, rather than on the administrative needs of the system?

Thank you.

The Chair: Thank you, sir.

10:20

Ms Renaud: Like so many other jurisdictions Alberta is facing an opioid crisis. While we need to address the crisis in real time, identifying and addressing the root causes will require an integrated system and approach. Given the Auditor General's identification of the fragmented structures in accountability, can you describe what would be required or what is being done to integrate health care and follow-up for people dealing with addictions?

Dr. Amrhein: Responding to the opioid crisis in Alberta is one of our very top priorities. There are an awful lot of people engaged in it. The co-ordinated approach that we've adopted under the minister's direction will continue to focus on getting Albertans who use substances the help they need, integrating services where we can to connect people with necessary supports. This involves a wide array of stakeholder groups.

For example, AMSISE, Access to Medically Supervised Injection Services Edmonton, is to integrate supervised consumption services into three existing organizations that already serve community members with problematic substance use, many of whom are homeless. The three agencies involved are Boyle McCauley health centre, Boyle Street Community Services, and the George Spady society. If I develop this example a little further, AMSISE proposes an integrated model, versus a stand-alone model, that can connect people with social supports, primary health care, counselling, and addiction treatment services and programs. Similarly, AHS's plan to offer supervised consumption services in Calgary's Sheldon Chumir health centre will link people with primary health care already offered at the Chumir centre.

Government has taken action on many fronts. We've provided over $1 million to support needs assessment and the development of federal applications for the supervised consumption services in several Alberta communities, and these applications are working through the federal government. We've provided capital funds to renovate space for supervised consumption sites, including over $1 million in the Sheldon Chumir. Verna can speak to the details on that project.

We're distributing more than 24,000 free naloxone kits to Albertans as of July 31. Again, the minister has used her relationships with a number of the regulators to make it possible for physicians and nurses and others to be involved in these projects. We're opening two new opioid dependency clinics in Grande Prairie and central Alberta and re-opening a third clinic in Fort McMurray that was closed during the wildfire. We've made changes to enable firefighters, police officers, and first responders to administer this drug in an emergency with an aim to expand that to more workers as required.

Most recently, the Minister's Opioid Emergency Response Commission includes representation from a diverse group affected by the opioid crisis, including government, AHS, and, importantly, law enforcement, indigenous communities, harm reduction program experts, and patient advocates. They've had a couple of meetings, and their recommendations are beginning to appear. This group is working to facilitate urgent co-ordinated actions to address the public health crisis. We work very closely with the College of Physicians & Surgeons to promote appropriate prescribing of opioids, and this has already been referred to.

It's a very large, multistakeholder effort. Again, as the Auditor General had mentioned, this is the kind of problem that cries out for a fully and intensely integrated approach. Verna can have many, many more details. She's driving a lot of these changes.

Ms Renaud: Obviously, there is very real health care when somebody is in crisis, but somebody with an opioid dependency or an addiction requires health care sort of after the fact, and that can go on for a very long time. I think part of the report really dug down into some of the fragmented structures in accountability that perhaps made it more difficult for health care providers in communities to support people through that process or once they leave the hospital or wherever the acute care is happening. I'm wondering if you could comment on those barriers and sort of thoughts going forward, how we can better support Albertans.

Dr. Amrhein: When the urgency began to emerge, we pulled together a task force. One of the barriers we often encounter is the flow of information and exactly what works and doesn't work. We started by having a very highly focused group that brought together representatives from across the health care perspective, including from the indigenous communities, from law enforcement, from AHS, from psychiatry, from psychology, from the other professions, and from the community front-line agencies like AMSISE, that provided a wealth of information on how best to deal with this. It was through their advice and through their efforts that we developed a very rapid response.

We made the changes through the regulatory colleges, and we launched the naloxone distribution system. We've been working with the AMA on different ways to compensate physicians. We've been bringing into play the need to provide an advanced level of professional training to family physicians, and the college has been developing some programs with postsecondary institutions to bring that training to bear.

We've begun discussions under the new primary care network governance structure to work with the PCNs. The PCNs are comprised of very large numbers of family physician clinics. The first point of contact often is a family physician clinic, so with the help of the college and AMA and AHS, so all four of us again, we are working with the family physicians. The family physicians rely on their primary care network for the team approach. So we have, Michael, how many family physician clinics? Over 1,000.

Mr. Gormley: It would be about 1,500.

Dr. Amrhein: We have 1,500 family physician clinics. We have those clinics organized into 42 primary care networks. We have 42 primary care networks now organized into five zones. They intersect with AHS. We're trying to build this continuum of care focusing on family physicians, resources for the primary care networks, and into the facilities that AHS is responsible for. That's the sort of ministry road map. The opioid crisis has compelled us to move rapidly into an integrated environment.

I'd like to invite CPSA and Verna to provide more details.

The Chair: If you're brief, then please proceed.

Dr. Mazurek: I support those comments. There are a couple of points I just want to highlight. With the support of the ministry and in a very collaborative fashion the Alberta College of Family Physicians just issued a series of recommendations from a task force that they put together in terms of how to support primary care to increase capacity to help contribute to the treatment of opioid dependency and opioid abuse. The education piece is very, very important, but there are two other things that I think are great examples.

One of the things that's really going to support family physicians is the mentorship line that has been set up by AHS. That is so critically important because as we draw on the capacity of family physicians to help to contribute to this area of care, they need the support and mentorship of their specialist colleagues. So that's a really important step Alberta Health Services has taken.

The other thing our council has done is really looked at – we have to approve some of the specialized treatments for opioid use disorder like methadone and Suboxone, so we've really taken a critical look at some of those approval processes and removed any possible barrier to family doctors who may want to do that. That's another really important step that we've taken.

Thank you.

10:30

The Chair: Thank you, Doctor.

Please.

Dr. Yiu: Maybe I can use a very pragmatic example of where we really do have integrated care. We are talking at a very high level, but I think sometimes we overlook the fact that we actually have a lot of local initiatives. Within the Calgary municipality there is actually a very co-ordinated group that consists of not only the local agencies; Alberta Health Services sits at the table, we have the city there as a municipality, we have the police, and we have first responders. Their whole purpose is to actually work to make sure that the inner-city and vulnerable populations are looked after, of which, obviously, patients with opioid issues are also an issue there.

What they do is they try to actually look at the barriers and what are the barriers and how to break them down. For example, one of the barriers is around funding, and oftentimes it's around funding that comes from one pot. But, you know, there are the restrictions there. They said at the meeting: just put the funding to the side. It doesn't at the end of the day matter where it comes out of because the pot is ultimately the same. They've done a lot of really great work supporting the inner-city organizations, and for me that's another example of where we are really trying to engage and work with the partners.

Ms Renaud: That's great. Thank you.

The Chair: Thank you for that.

Mr. Yao.

Mr. Yao: Thank you very much. On page 26 the Auditor General notes that funding decisions have been made that are "not based on ongoing evaluation and benchmarking of quality and cost effectiveness." How does the ministry justify having funded programs such as Pure North?

Mr. Tremblay: All of our grants undergo a very rigorous evaluation process to ensure that it aligns with our business plan goals and our overall objectives as a ministry. We structure all of our grant agreements in a very definitive way to make sure that what we're asking organizations to do within that grant agreement does align.

We also have a grant administration process that allows for the department to evaluate the activities being funded on an ongoing basis, and the department always has an opportunity to evaluate whether the grant still works within that context. We have provisions within our grant agreements to discontinue funding if there are possibilities that those activities no longer align with what the department wants to deliver.

Mr. Yao: Does the deputy minister consider his relationship with Pure North, in which he personally endorsed and participated in the experimental alternative health program, appropriate?

Dr. Amrhein: Can you frame that question in the theme of structure?

Mr. Yao: Again, it's about decisions that were based not on ongoing evaluation benchmarking of quality and cost-effectiveness. In this instance, you provided funding for the program. I understand that recently you've pulled funding, but why was funding provided in the first place, recognizing that it wasn't consistent with the current systems at the time? Or even thoughts on how things should proceed and what should be funded.

Dr. Amrhein: In the process by which a grant was approved, I'll defer again to Andre Tremblay.

Mr. Tremblay: Sure. Again, we funded a number of nurse practitioner programs because we view the incorporation of nurse practitioner services within the health care system as something that we should be investing in as a ministry. We evaluate those grant programs on an ongoing basis. With Pure North we discontinued that program, and we will be evaluating how to reinvest that money at a later date. Like any grant we provide – we have over $500 million worth of grants that we provide to different organizations within the health care system – the process that we utilize to evaluate those are applied uniformly across those grants. Decisions are made from time to time on grants, whether they still align with overall ministry priorities.

The Chair: Thank you, Mr. Yao.
Ms Miller.

Ms Miller: Thank you, Chair. The report offers solutions to solve our health system's problems under structure, integration of physicians, and clinical information systems. I'd like to hear whether there are other areas or themes that may also need to be considered when addressing the system's challenges.

Dr. Amrhein: I think there are probably a couple of ways to respond to your query. Health care is an extraordinarily complex array of activity. In Canada we have adopted what I'll call an intensely public model, especially compared to other jurisdictions thinking through their own structures. But as the complexity of the health care system, as the complexity of the needs of, in this case, Albertans increases, we've become aware of the need to make sure that those components of the health care system that are not publicly funded are more tightly coupled to the entire enterprise.

For example, eye care. A great deal of eye care in Alberta takes place outside the publicly funded system, so that's a structural issue. But there's also a great deal of activity and evidence and information that is generated by eye care specialists that, for example, is extremely useful to physicians dealing with complex cases that involve diabetes. Kim Wieringa's group is working with the Privacy Commissioner and the relevant regulators to bring into Netcare the health professions that are key to a more comprehensive total approach to health care for Albertans that sometimes goes beyond the publicly funded system.

That's an important point. The Auditor General's report is focused on the public system, but it also, I think, recognizes fairly that it's a bigger picture than even the massively complex public system that we have. We have had discussions about bringing these into the mix.

The other part that we are coming to grips with within the public system is where best for care to take place. We have historically in Canada, because of the way the Canada Health Act was set up in the very early days, focused on hospital based. Long-term care became an extension to hospital based, but if you look at some of the highest functioning systems, for example in Scandinavia, they have put an awful lot of effort into providing a much greater array of care in the home. Well, if someone is in the home, then how do we continue to deliver care in the home?

AHS has had a number of pilot projects in what we're calling community paramedicine, and we see the ability of the paramedics community in Alberta. Alberta has some of the most sophisticated, comprehensively trained paramedics in the western world. We see the deployment of paramedics in a sort of – these are my words – two way, not just, "Pick me up and take me to an emergency room" but also "Come and visit me so that I don't have to go to the emergency room" or "Pick me up and maybe take me to a PCN clinic." Those are two areas. Verna can talk about her plans for community paramedicine. The minister, the government, you all approved a budget this year that has a substantial investment in home care, and some of those funds we expect will help expand community paramedicine.

Those are two areas.

Dr. Yiu: The community paramedicine program is in fact already happening. It's in Calgary and in Edmonton, and the plans for the expansion are to actually go into the rural setting. What Dr. Amrhein said is very true. We have been able to reduce the need for actually even going into the emergency department and into the hospital and avoiding admissions by having the paramedics actually in the home. The paramedics then actually follow up with the individuals even after the fact and actually help them stay at home. So it's been a very successful program. We've actually done a very detailed evaluation on it, and we're very excited about expanding it further in Alberta.

Ms Miller: Thank you.
Supplemental?

The Chair: Absolutely.

10:40

Ms Miller: At the end of the day, I think Albertans need to know that government is committed to changing and improving their health system and how it's going to happen. Can you assure Albertans that these improvements we're talking about today are under way and provide an overview of what it will mean for Albertans' lives?

Dr. Amrhein: Thank you for that question. It's a critical question. The Ministry of Health is absolutely committed to improving the health system so that all Albertans get the right care in the right place at the right time with the right team of professionals. We are committed to building on the strong working relationships that we have with AHS, AMA, CPSA, and all of the health leaders across the province. We're working with our partners on many initiatives, and a number of those we've already spoken of. All of the initiatives we speak about today are under way. These are not plans for the future; these are programs being implemented right now.

We need to connect Albertans to needed care and resources closer to home, as we've just discussed. The one initiative that I've said quite a lot about already is the primary care network governance framework, that for the first time brings the physician leads from the primary care networks, that are the aggregation of family physician clinics, into direct partnership planning for the continuum of care with the leadership of Alberta Health Services. The changes will help to build a more integrated health system through better service co-ordination to meet the health needs of Albertans in each zone. One of the key features of the five-zone approach is that we recognize now in a very formal way that the needs in each of the zones are not identical, that the north zone has challenges that are different from Calgary zone and Edmonton zone, and they have

challenges that are not found in the north zone, for example. This is really very important.

A number of these initiatives were made possible by the recent amending agreement with the Alberta Medical Association, and across Canada this agreement is now recognized as a sort of watershed landmark agreement. There has been an awful lot of focus on the financial components, but I think in the long run it's the model of shared stewardship where we invite the AMA to join with AHS and AH and others to a shared understanding of what works best in a fiscally sustainable fashion.

One of the key components out of that is the physician resource plan. Many in Canada have tried physician resource planning. Nova Scotia perhaps has gone further than many. But, again, in Alberta with the long relationship that the AMA has with government and with the ability of the magnificent single care-delivery system that is AHS, we have the ability to move nimbly and quickly in a way that I think eludes the other provinces. So I'm a big fan of the amending agreement. It showed tremendous courage and leadership on the part of the AMA.

The Chair: Thank you, Dr. Amrhein. I appreciate that.

Mr. Yao.

Mr. Yao: Thank you. The Auditor General specifically mentions concerns about funding of programs and improved methods and treatments on page 26. Page 15 identifies concerns about wasting money on such things as treatment errors, unnecessary care, ineffective and inappropriate uses. This government praises itself on transparency and accountability. When we talk about the current structure of public health care in Canada, these questions are about the people at the very top who are making such decisions. The deputy minister's decision to grant funding to a group like Pure North is disconcerting. Does the deputy minister believe that he compromises the minister, who is publicly accountable for these spending decisions?

Dr. Amrhein: I've shared everything that I have to share with the Ethics Commissioner, and I'd respectfully ask that you direct your questions to the Ethics Commissioner.

Mr. Yao: For the integrity of our health care system will the deputy minister take some accountability and resign over his questionable handling of Pure North?

The Chair: Sorry, Mr. Yao; I rule that as an out-of-order question.

Mr. Yao: What other programs are there that aren't based on ongoing evaluation and benchmarking of quality and cost-effectiveness? Obviously, there are more out there. The Auditor General has identified there may be other such programs and situations. Can this panel identify any for us?

Dr. Amrhein: It would be odd for me to speak on behalf of the Auditor General when he's sitting in the room, so I will defer to the Auditor General to speak about his plans.

Mr. Saher: To be frank, I don't know how to answer that question. We have not identified inappropriate behaviours, situations. That's not what Better Healthcare for Albertans is all about. This report is about the challenge that faces us all, thinking constructively about the future. That, in my opinion, is the purpose of the meeting today, so I really can't answer your question because this report does not contain any evidence of inappropriate behaviour. It is a report that says that there are barriers to systemic change. I believed, at least I thought, we were engaged in a discussion of those barriers. From my point of view, that's what's necessary today.

The Chair: Mrs. Littlewood.

Mrs. Littlewood: Thank you, Chair. I just want to thank everyone. I'm talking about integrated health care and what that means for the province. I notice specifically that there is a lack of talking about rural health care delivery in the province. You know, in my own constituency there are very different pictures of what rural health care delivery looks like from town to village to city. For example, Tofield has some current issues trying to acquire physicians, just like a lot of rural Alberta. We have issues like chronic disease that is more prevalent in some areas where we have farming and agriculture, with things like COPD. Needle exchange: people come from the heart of my constituency, out from rural Alberta, into Edmonton to the Boyle Street co-op to exchange needles. St. Joseph's, you know, lost its surgical care 10 years ago. So when you're talking about how to manage systems – and I think that this is a question that's for all of you – when you have those conversations on Monday morning, Dr. Amrhein and Dr. Yiu, are you talking about rural health care? Is that part of what that means when you are talking about the right services, right place, right time, by the right professionals? You know, I hear that a lot, but I want to know what that really means going forward into the future.

Dr. Amrhein: I will say two very short things, believe it or not, and then ask Verna Yiu to tell the story of AHS. Rural health care consumes a great deal of my time. Yesterday we met with the Métis settlement organization on some of their concerns. A few weeks ago with my senior colleagues we travelled to St. Paul to hear the story of their efforts to integrate a number of PCNs. We are in detailed discussions with RPAP to encourage them to expand their activities to include rural professionals so that it's a more comprehensive team approach. But all of this works in an environment where, especially in the north zone, AHS has created a very, very strong and remarkable leadership team. Verna can tell the story.

Dr. Yiu: As Dr. Amrhein mentioned, rural health care consumes a lot of our time, I think in many respects probably more proportionately than actually in the metro regions. I think that we do have, as was noted, very marked differences between the zones, and it does drive how we approach the work in the different zones. We have major challenges with physician recruitment, as you have noticed, especially in the north, to the extent where in northern Alberta, the north zone, about 75 per cent of the physicians are, in fact, what we would call foreign-trained physicians that come from outside of Canada.

10:50

After saying that, we have been developing some interesting strategies around how to promote and provide more seamless integrated care. An example is obstetrics. Actually, although we talk a lot about the aging population in Alberta, we are also a very young province, and there are very long and cold winters. So, in fact, labour and delivery is our highest cost in the acute-care setting. We have major challenges about making sure that we have safe care, so we've tried to embed midwifery, as you have known, for example in Fort Saskatchewan, into the health system.

But we've also developed what we thought is going to be a good process around corridors of care. So if you live in a very small town, where is the best referral pattern? What are the different types of providers you should be connecting with, really, to provide the support and the pathway by which women, if they develop complications in their pregnancy, can get escalated as they go along?

We're very excited about that. We started that last year, and we're thinking that we can actually use that for other disease models, not just for obstetrics but also, for example, for chronic disease management. So we do talk a lot about rural health care.

Mrs. Littlewood: Thank you.
Can I just have 10 seconds for a supplemental?

The Chair: Absolutely.

Mrs. Littlewood: Okay. To the Auditor General. Your report only mentions the word "rural" once, referring to someone else's report. I'm hoping that this is a focus of your office and that this is something that you consider and that this is something that your office, for whoever comes in the future in your steps, will focus on as well.

Mr. Saher: Thank you. We listen very carefully to our clients, the Members of the Legislative Assembly.

The Chair: Well, thank you. That ends that tranche, if you will.
I would like to take a five-minute break. If we could be back at exactly 11 o'clock, we can resume. So we'll do that.

[The committee adjourned from 10:52 a.m. to 11 a.m.]

The Chair: It is 11 o'clock. If we could resume the meeting, please. If everybody could take their seats. There are a lot of conversations within the room. If we could keep the conversations outside of the room. Thank you.
Now, let's start with the next of our four topics. That's the integration of physician services.
Mr. Auditor General, you have two minutes to have the floor.

Mr. Saher: Thank you, Mr. Chair, for the opportunity to introduce the next section. This is entitled integrating physician services with other elements of the health care system. Why is integration of physician services important? A few points. The $5 billion that the government spends on physician services and support programs each year is only a part of the cost. As was mentioned in the introductory comments, physicians are the gatekeepers of a $21 billion public health care system. They direct patients' use of services across the system through hospital admissions, lab tests, diagnostic imaging, prescriptions, and so on.
At present physicians are organizationally outside the rest of the health care system. We believe and have set out in our report that there is a disconnect between physicians and Alberta Health Services. Current physician compensation promotes volume and not quality. Oversight of physician services, we believe, is fragmented. The key question before the parties today in this section is: what needs to change to better integrate physicians, primary care physicians in particular, with the rest of the health care system?
Thank you.

The Chair: Thank you, Mr. Saher.
Mr. Barnes.

Mr. Barnes: Thank you, Mr. Chair, and thanks to all of you for being here today. I'd like to ask a question to Dr. Mazurek and the college, please. I'd like to talk about quality. We've heard a lot about quality in health care today. It's, of course, on every Albertan's mind. We just heard the Auditor General say that our current system is based more on volume than it is on quality, so, Dr. Mazurek, I'd like to ask you personally or on behalf of the college: what does quality in health care mean to you?

Dr. Mazurek: I'd like to take the conversation to appropriateness because I think physicians need to provide, as has been stated, the right care to the right patient at the right time, and appropriateness is a key factor. I think that's an area where we as partners could make a significant impact on the quality of health care. We heard from the Auditor General's report that physicians are the gatekeepers. They order tests. They provide treatments, yet some of those treatments – it was highlighted in the report, and I won't go over it – may not be consistent with best practice recommendations. Appropriate medical care, I think, is good medical care. I believe, as I said in my opening remarks, that there are steps that we as partners are taking and further steps that we can take to ensure that physicians deliver appropriate care.

Mr. Barnes: Okay. Thank you. Appropriate is maybe a little bit less of a subjective word than quality, but I don't know if it gets to some of the dissatisfaction I hear from Albertans about access to doctors, about access to other allied health care professionals, about waiting lists.
I guess, you know, when the Auditor General started his remarks this morning by saying that integration has been a key goal of the government of Alberta for the last 25 years – I'd rather talk about effectiveness and quality than cost, but the Auditor General also said that integration could lead to cost savings. We've also heard him and his department say that more money is not necessary to provide better care, to provide quality care, and there are systemic changes. Of course, on my mind is that 25 years ago health care was $4 billion compared to the $21 billion it is now. It concerns me greatly that it's been a key goal of the government of Alberta for 25 years and we've had 6, 6 and a half per cent increases. With that in mind and the fact that, you know, integration of physician services with other allied health professionals, I think, is key to quality, key to cost savings, what is integration, and what is the unified view amongst you four?

Dr. Mazurek: Again, I think some of the points you raised are critically important. Access is clearly an important aspect of quality. If you can't access care, then clearly your care is not going to be of quality.

Mr. Barnes: Does it have to be a doctor?

Dr. Mazurek: I do not believe it has to be a doctor, and I think that we do share a common view, that it needs to be the right care from the right provider at the right time. One of the things that I believe that physicians are moving towards is the concept of multidisciplinary care teams. From the college our perspective is that physicians should be part of multidisciplinary care teams. Physicians need to work in collaboration with other health care providers. Physicians need to demonstrate leadership in those teams. That does not mean that they need to necessarily lead the team, but leadership is part of working effectively with others. All of those things, I believe, are part of our unified vision: access, multidisciplinary care. Appropriateness I still think is a very important piece, but you're right. There are many aspects of quality.

Mr. Barnes: Thank you.
Do any of the other three groups disagree with that?

The Chair: Sorry, Mr. Barnes. Thank you very much.

Mr. Barnes: Thank you.

The Chair: If we could move on to Ms Luff.

Ms Luff: Thanks. I think this question is probably both for the AG and maybe folks from the AMA or the college of physicians. In this section, well, and throughout the report there's a lot of focus on the concept of linking funding to performance. In this particular section it says, "The current payment model does not provide incentives for physicians to measure their performance and engage in continuous quality improvement."

Now, I come from an education background, and I'm particularly concerned about the idea of equity in our health care system, as I am with the concept of equity in our education system. In places in the United States where they've linked quality and performance in education, what we've seen is that, you know, poorer areas that have higher needs students have actually seen a reduced quality of education because those are harder folks to serve. Coming from a riding where I have lots of people with chronic health care conditions and perhaps higher health care needs, I'm just curious what the AG and what the folks from the medical profession think about how we could link performance to funding without risking massive inequity in the system. There are examples of Kaiser Permanente, you know, dumping patients for being too expensive, and that's not something that I would want to see, obviously, in our health care system. If you could perhaps address the issue of funding and performance and equity together, that would be great.

Mr. Gormley: Yeah. That is a concern, especially in capitation-type models. It is something that we discuss with government and AHS about mechanisms to assure against that. There are a few things. One, in Canada the population-based models typically will say that you can't close your office to particular types of people. If you're going to close your practice because it's filled, you have to close your practice, period. You can't select that way. That's a common feature that should be in models like that in our type of system.

The other one is ensuring that the payment rate reflects appropriately. Not all patients are the same in terms of their needs, and to some extent the payment has to reflect that. Currently we're at the beginnings of some of those models. There have been some in place in Alberta for a while, but there's the new blended cap. It's mostly based on age and gender. That does have some, but going forward, we'll also be looking at issues of other aspects such as chronic conditions, those types of things.

Those are two of the major ones that we have to look at. Population-based funding: everyone suggests that we move towards that, but we do have to look at some of the things that you're raising.

11:10

Mr. Saher: Mr. Chair, the question did suggest that the audit office might make a comment, so I would like to make a comment. You talk about equity and: how could this work? I'm just trying to paraphrase. The deputy minister talked about geographic differences. You know, every area has some sort of different phenomenon, but this is the simple man's way of looking at it. The answer to quality, in my mind, is a focus, focus, focus on the individual Albertan. To me, quality is achieved when there is a tailored care plan that's actively managed. In my opinion, when one breaks through the notion of geographic differences, different socioeconomic backgrounds, if there is a focus on the individual Albertan, a care plan is built for the Albertan, and that care plan is managed. In my opinion, where the Albertan is is really a secondary matter. I'm just simply arguing that I believe that at the essence of quality is a tailored care plan that is actively managed for each Albertan.

Thank you.

The Chair: A supplemental?

Ms Luff: Sure. Maybe you could follow up with your opinions on what you think. I mean, one of the other aspects of the AG report talked about care pathways, if you will. Like, in some other jurisdictions they have large numbers of care pathways for patients with particular chronic illnesses, and we have fewer of those in Alberta. We do have some that are being followed really well. I forget what the specific examples are. Are we working on developing more of those, again, to tailor the health care system more individually to individual patients?

Dr. Yiu: Maybe I can take that one for Dr. Mazurek. The strategic clinical networks were developed back in 2012-13 with that vision in mind, actually providing the best evidence, developing clinical care pathways. We started off with nine strategic clinical networks based on disease entities, and now we've got 15 as of 2017. We've done major evaluations. We had nine signature projects. Just to give you some overarching results, we've saved – in essence, cost avoidance – about $20 million. We've improved patient satisfaction on the surveys that we've done. We've reduced our length of stay in hospital sometimes by as much as 50 per cent. We've reduced our readmission rates. We've reduced our complication rate. For our bone and joint SCN we've actually, I think, prevented about 1,300 hip fractures because of better care in the community. It's really about more appropriateness of care, as Dr. Mazurek had mentioned.

You know, other provinces may say that they have many care pathways, but Alberta is actually globally known for our ability to implement care pathways across the province. To give you an example, we have the best result across the country around the use of sedating medications for seniors in long-term care settings, 17.5 per cent. There's nobody close to us in the rest of the country. We've extended that to 170 long-term care sites in the province, and we're now moving to over 300 supportive living facilities. When other provinces look into Alberta, they are aghast at how we've been able to implement broadly.

I think the success of our centralized system is our ability to actually roll out best practices to ensure that it's not just in the cities but that they actually get the same type of quality of care in the rural setting. I can give you examples of rural stroke. I can give you multiple other examples, but just to say that our ability to implement care pathways but to do it effectively with metrics to make sure that the providers are aware of how they're doing has really been the key to our success.

The Chair: Thank you for that.

Mr. Yao.

Mr. Yao: Thank you. In section 4 let's focus on primary care physicians if I might. There are some key points here because physicians are the gateway to our health system. It talks about: lack of integration is a fundamental challenge. It talks about: there's no agreement with the family physicians on certain aspects like admitting rights and whatnot. Also, family physicians have resisted sharing their data, and AHS has done the same.

On top of that, there are a lot of variables. We have a single-payer tax system, fee for service, yet they're dealing with a lot of corporate entities within the system that don't seem to be very well co-ordinated. I'm talking about the family physicians themselves. Then there are questions about the data. Like, by all rights wouldn't the data that's collected from any of these people who come from a single-payer fee system be the property of the province?

But I guess the first aspect is: how do we overcome all these variables in order to integrate the physicians, and what is the plan

or what are the scenarios that this team has discussed in implementing integration of physicians? Because this is a key component to everything, isn't it?

Dr. Amrhein: A few observations, but I'll then ask my colleagues to the right to chime in. There is a Supreme Court of Canada ruling that says: my data belongs to me. There is in each of the provinces a health care information act of some sort that compels those who collect the information for the delivery of care to meet very, very stringent standards on when and how they can share those data. The family physicians find themselves in a very complicated administrative situation where they collect very large amounts of information about each of us to provide primary care, but the Health Information Act imposes on them very stringent requirements on when and how they can share the data. That's part one. Similarly, the specialists who are operating in the AHS hospitals are required to meet comparable standards within the organizational structure that is a hospital.

So what are we going to do about this collectively? Under the direction of the minister we have set up two committees. One is the Health Information Executive Committee. That is an administrative organization that tries to bring all of these disparate pieces of data together. We've also set up a Health Information and Data Governance Committee. That is a committee imagined in the Health Information Act of Alberta. All four of us are on both of these committees, one dealing with information administration, one dealing with information policy and the big pictures. Since these two committees have started operating, AHS has negotiated a data-sharing agreement.

I'm going to ask Mike Gormley to speak to this because he's been working on this bundle of complex situations for a very, very long time. I've said everything I probably need to say about the PCN governance review. We've talked about a lot of that. But I'd like maybe Michael to give us his view, because I don't think the family physicians are unwilling to share. I think there's broad recognition that the right data at the right time, family physician data, available in the emergency rooms saves time, which is critical in the emergency room. It saves procedures. It saves cost. But we live within an environment where I own my data and my physician is not allowed to share it frivolously outside the framework.

Michael? Verna?

The Chair: Just one second here. The next topic that we've got for discussion is transforming care through information systems, so I would ask that you keep your answer brief, and we will go into more detail with the next section.

Please continue.

Mr. Gormley: Okay. Well, I think we're in an exciting time, actually. In my career, which, it's been pointed out, has been a long one, I'm not sure I've seen the situation where so many pieces have been put in place that can now be built on and go forward. The PCN framework, the information-sharing framework: I won't say anything more on that. These other pieces: I think the challenge now with physician integration, as with the rest of integration, is building off those to get Albertans the system they deserve, high performing. It has to do with, you know, the incentives, the informatics, and the innovation and delivery have been referenced. There is a lot to be done. It's going to take – as the Auditor General pointed out, there's no one party that can do it. We're going to have to decide where the focus is and the priorities in each of those areas and where to go next and do that together. I think that's a key part, and we are working on that.

I think that just the other comment I would make is that it's not about that we've put in place these what I would call platforms to take off from; increasingly it's going to be how those work together. There's no sense putting a physician on a population-based payment model if they don't know all of the characteristics of their populations they're serving, if they're not getting the information on their full footprint within the system and knowledge like that. So the changes in the information system have to align with the payment mechanism changes and also with the innovations in primary care, and that's what we're working on now, determining the priorities on that. In fact, the first meeting of the PCN governance, after it was voted on by 90 per cent of physicians roughly in favour, starts tomorrow.

11:20

The Chair: Do you have a supplemental, Mr. Yao?

Mr. Yao: I guess you mentioned that you have put two committees together. Do they have a timeline? Is there a date where they would provide some results of some studies that you've done or some discussions that you've had? Are there measurables in place?

Dr. Amrhein: There are very clear measurables in place, and I think we're about to step into theme 4 again. My colleague who oversees all of this, Kim Wieringa, is sitting behind me. Perhaps, Mr. Chair, in the next section we can bring Kim to the microphone to explain exactly how these committees operate and the achievements they have produced so far.

The Chair: Thank you, Dr. Amrhein.

Mrs. Littlewood.

Mrs. Littlewood: Thank you very much, Chair. Well, in the news lately we've had some that have been proposing cuts, drastic cuts, to Alberta's budget. I'm wondering. I would like to put this to as many members at the table as possible, starting with perhaps Dr. Verna Yiu and, hopefully, Dr. Amrhein and, hopefully, Mr. Gormley as well. But cuts in the realms of $3 billion to $7 billion or cuts of $10 billion: how do you think that this would translate – in effect, whether this would further goals of integrating health care in Alberta or perhaps have a deleterious effect across the board in Alberta in our system – and also, specifically, how would that affect rural Alberta?

The Chair: Member, can you reference where in the report $10 billion cuts are mentioned?

Mrs. Littlewood: Well, I'm just wondering how – I mean, we're talking about controlling spending, and there are some people that would like to make large cuts to the budget overall. So when we're talking about integrating the health system and making sure that it's working for all Albertans, how would budget cuts affect those goals?

The Chair: Member, can you reference that to somewhere in the report?

Mrs. Littlewood: The integration of health care.

The Chair: Okay.

Mrs. Littlewood: How budgeting with potential cuts . . .

The Chair: I'd like the Auditor General to start with a response, and then we can move on from there.

Mrs. Littlewood: Sounds good.

Mr. Saher: Mr. Chairman, I can't help with that question at all. This report doesn't talk about cutting cost. This report makes the proposition that integrated health care is the method to control costs. So I'll leave it at that.

The Chair: Okay. I actually will rule this as an out-of-order question. I will allow you to ask another question in its place.

Mrs. Littlewood: How would even a hold-the-line budget have effects also on health care? I mean, we're talking about some really expensive things potentially, right? We're talking about the integration of something that could look like a clinical information portal that would be across the province that we have seen happen in other places. It's something that is suggested. How would we pay for things like that if we are talking about the budget and potential cuts?

Dr. Amrhein: I'll try. Prior to 2015 the long-term average increase in health spending in Alberta and elsewhere has been roughly in the order of magnitude of 6 per cent, plus or minus. The observation of the proportion of the Health budget to the total provincial budget has already been mentioned. The Conference Board of Canada estimates that if you properly account for population growth, aging of population, increasing complex comorbidities of the population, and the rapidly increasing cost of modern health care technology like imaging devices and cancer beams, the standstill average would be in the order of magnitude of 5 per cent. We expect that, without any obvious reduction in the quality of front-line health care, with the support of the government we will be able to meet all of our commitments in this current fiscal year. In the current fiscal year the increase in the Health budget is in the order of magnitude of 3.6 per cent. Next year we expect it to be 2.4 per cent. So a lot of things we've been talking about today, in fact, are under way.

Integration. All of us sitting here speaks to the fact that we, in fact, are achieving, perhaps not as rapidly as some would like and perhaps not as rapidly as we should, an increasingly remarkable level of integration. The fact that we can continue to meet all of the expectations of the health care system, Albertans' needs, for less than what some say should be the standstill number is a strong testimony to the work of AHS, our collective work with AMA, the colleges, and the other regulators. We receive appropriations from the government, and this government has been very clear in our budget presentations that we request what we need, but they also expect us to do everything possible to do it as well or better and, when possible, with less.

That's the best I can do. I'd need more specifics before I could answer with greater precision.

Mrs. Littlewood: Thank you.

The Chair: Do you have a quick supplemental? No? Okay.

We'll move on to the fourth topic here, Transforming Care through Information Systems. If we could ask the Auditor General to do a brief two-minute description of what this section is, I'd appreciate it.

Mr. Saher: Okay. Thank you, Chair. The section is Transforming Care through Information Systems. Why is this important? We believe that the integration of care is not possible without integration of clinical information. That is the evidence that we have discovered through looking at systems around the world. Common themes across leading health care organizations around the world are that primary care data is at the heart of every successful electronic health record initiative; that electronic health record initiatives are not managed as IT projects, but they are managed as care transformation projects; that the vision of these other successful systems is one patient, one health record.

In Alberta fragmentation of clinical data mirrors the fragmentation of health care delivery. We believe and our report states that Alberta has untapped potential. We're well positioned to lead the country in integrating clinical information. The main building blocks are in place. It's as if they haven't been put together.

On the matter of privacy and confidentiality, we believe that that risk can be managed. We state in our report that – I'm summarizing what we state on page 51 – from our interaction with the Information and Privacy Commissioner privacy and confidentiality are not a barrier to information sharing. The real barrier is lack of provider agreement on how to share and use clinical data. The key question, I think, before the parties today is: what needs to change to provide Albertans with a single health record?

Thank you.

The Chair: Thank you, sir.

Mr. Panda. Oh, I apologize. Mr. Gotfried.

Mr. Gotfried: Thank you, Mr. Chairman, and thank you again to all of our presenters here for providing us some great insights into the challenges and opportunities we face. We've talked quite a bit about the clinical portals which we require to start moving toward some of the integration of the information systems. IT is very important.

I've looked at some reports – there's a report called An Overview of Alberta's Electronic Health Record Information System, dating back to 2013, updated in 2015 – and uncovered some information about some of the software and different programs we're using. Now, I was in the airline business for about 20 years, and I can tell you what the airline code is for Timbuktu or Ouagadougou, Upper Volta. But when I look through the list, I have an IAM, an EHR, an SHR, an EMR, an ANP, an NCR, a PIN, a PPMS, an XDS, a PHP, PPR, PD, TREP, LREP, PCR, HIM, EMPI, PHIE, and that's just the beginning of some of the acronyms used under the shared portal information that would be required for us to integrate to maybe be able to understand that.

11:30

We also see that the personal health portal is a work-in-progress. I think that's been going on for some time, and throughout that process in 2017 we had a budget of about $513 million, I think, for AHS and $88 million for Alberta Health. I'm just wondering where we are and how we're going to actually integrate. You know, I'd challenge any of you to try and tell me what all the acronyms are. You might be able to, but that's not the issue. The issue is: how can we simplify this and deliver something that is integrated, understandable – and I'd also be interested in the college of physicians and the AMA – that everybody can understand and that we can use more easily so that we can then deliver enhanced outcomes to Albertans? I guess this is directed probably to AHS, having the largest budget share of the IT. I'd also have a follow-up question that I'll save for a minute here. I'm really interested in how we're going to get there when we have such confusion, as was, I think, very succinctly highlighted by the Auditor General with his comparison to the banking system.

Thank you.

Dr. Yiu: Thank you for the question. I'm going to leave the electronic health portal question to the ministry, who actually oversees that work, but would just say that you're absolutely right. It is a very complex world. Within Alberta Health Services we have 1,300 systems that we are trying to integrate, and the vision for us in going forward with a single AHS provincial clinical information

system is to reduce it down to about 200. We are never really ever going to get down to one, but, you know, as the user of the system you don't really care. What you want is that you want to be able to log on. The interoperability aspect is not important to the user. It will be important to us running the system. You just want to see a seamless system that you're going to be having.

Our ability to move forward on that: we've only been able to do that because we've received the support from the government in terms of funding our provincial clinical information system, so we're very grateful for that. If not for that sort of support going forward, we would still be where we are today, and I would say that there has been a lot of work ongoing, especially in the last two years, to try to actually integrate us in a way. As Dr. Amrhein mentioned, you know, we've got the Health Information Executive Committee, that I sit on and that many other people at this table sit on, to try to co-ordinate all of that work, to make it more simple. You can imagine, if you were to go from 1,300 down to 200, the cost savings from having to operate 200 versus 1,300, and the ability to reallocate that funding into supporting the system that we need is in essence how we're going to be paying for the system. We're very excited about that because we think there's going to be a lot of opportunity going forward. But as I mentioned, we've only been able to do that after we received support for having the provincial clinical information system.

Dr. Amrhein: I'm as challenged on acronyms as I am on iPads, so I will not even try. But perhaps if we could invite Kim Wieringa to the microphone, she can explain how these two very, very senior committees operate, and in that context she can explain the work we're doing with the personal health portal. The challenge there has been that technology has been advancing very, very rapidly.

One observation. The reason AHS has 1,300 systems is not because AHS set out to buy 1,300 systems. This is one of those critically important legacy issues arising out of the merger that created AHS, and it's resolving this enormously complex environment that will be one of the benefits of AHS, with their new CIS as a critical piece of the Netcare system, which is the provincial one-record platform.

The Chair: Can you state your name and position and then proceed?

Ms Wieringa: Okay. Kim Wieringa, ADM, health information systems, Alberta Health.

It is a very complex environment, but the electronic health record, which we have branded Alberta Netcare, is a portal into a complex environment. It links information repositories from across AHS and across a lot of our labs and DI systems to actually provide a patient-centred view. That's available across the province for all authorized custodians as indicated in the Health Information Act: physicians, nurses, pharmacists, whether they're in AHS or not. Chiropractors, optometrists, and dentists are just being included, and we'll start to bring their key information into Netcare. So the environment is very, very siloed, and we are bringing it together, as Dr. Yiu had mentioned, in a way that the user doesn't understand the complexity behind it and shouldn't have to. It does take time, and data standards are a problem, but, you know, the changes come about over time.

As far as the Health Information Executive Committee, we have brought together under the leadership of Dr. Theman of the CPSA just last year a number of health care stakeholders, senior clinical professionals, the O'Brien Institute, and the University of Alberta. Dr. Doreen Rabi created a paper called the shared integrated health record: an innovation for health care providers. What it talks about is professional digitization and that quality of care that is so important that we capture in the electronic records that each provider has and the change management that has occurred. So that was a pretty significant accomplishment for the health information sector.

Mr. Gotfried: Maybe in the interests of time you could share that report with us and we could have it.

Ms Wieringa: Absolutely. I can do that.

Mr. Gotfried: Thank you.

Ms Wieringa: We followed with the e-health symposium that Mr. Gormley had mentioned previously in February.

The Health Information and Data Governance Committee is really about the appropriate collection, use, and disclosure of information for clinical care but also for health system use and support of knowledge and awareness around appropriateness, quality of care, research, et cetera, et cetera. That committee has overseen the new agreement that we're looking to have where physicians and AHS and the CPSA and the universities and the medical faculties will now work together with AHS on the clinical information system as a patient-centred shared record for purposes of both primary care and secondary.

Mr. Gotfried: Thank you.

A supplemental question if I may, Mr. Chair.

The Chair: Be brief, please.

Mr. Gotfried: Yes. Thank you. So we've heard that this is a work-in-progress, and we've also heard from the Auditor General that it's going to cost us to save money – and I understand that; I think we've heard that at budget estimates as well – but there are some pretty big price tags to achieve these results to then save us money over a period of time. In looking at some research, it seems like there are some very good companies – Orion clinical portal – and I'm sure there are other competitors out there.

My question to you: in this work-in-progress when are we going to get to a point where we actually have very firm dollar amounts and even some service providers selected that will tell us not only what we need to achieve the final result but when we will get there?

My other question, that's related as well. I understand that there's a system called Infoway, that is a Canada-wide system. Are we procuring jointly with them to have a Canada-wide system that might save us money and give us a better integrated system if we are hopeful to get Alberta back to a point where we're attracting people from across the country, so that we have information from those people and we're not starting from scratch when they move here from across Canada?

Dr. Amrhein: Thank you. I could go for hours on this.

Mr. Gotfried: Try and be brief.

Dr. Amrhein: The Alberta model of e-prescribing, the drug information network that is part of our Netcare, is the foundational model that Canada Infoway is developing across Canada. They are in the process of securing their privacy information impact assessment from the Privacy Commissioner, and once that's in hand, we've already identified the pilot projects where Alberta and Ontario will be the beta test sites for the new e-prescribing Infoway. Infoway relies very heavily on Alberta. It's an area where we have long been a leader.

11:40

The very good news for those who worry about our budget, which includes myself more than anything else, is that the funds required

to purchase, install, and operate the AHS CIS, the funding on the margin to buy the system and the software and the installation and the training, is already in hand, and as AHS migrates out of 1,300 to 200, the dollars currently deployed will be then reassigned to operate the AHS CIS. The AHS CIS, for example, will also take into account the new diagnostic lab information system that we are working on as well.

We are working with Orion. Orion is working with us and the AMA and the family physicians to allow data to flow easily and seamlessly without imposing additional work on the family physicians from their particular EHR into Netcare. I think of it as a grab, organize, encrypt, and drop software system. This is where the rapid advancement of digital technology actually works with us so that we don't have to ask the family physicians to change their system. They can change if they want, when they want, but working with us, working with Kim's group, we have this Orion piece that will reach in, take the data, organize it in an agreed-upon way – and this has all been approved by the Privacy Commissioner, which is critical – and put it into Netcare. Along comes AHS CIS, and we have it. When will we have it? Well, imminently.

Mr. Gotfried: Doctor, I appreciate that. I think we need to get from work-in-progress to some firm dates and some firm dollar amounts from both Alberta Health and AHS. I think all Albertans are looking forward to that announcement.

The Chair: Thank you, Mr. Gotfried.

Dr. Yiu: If I can just make . . .

The Chair: Sorry. We need to move on.
Dr. Turner.

Dr. Turner: Thank you, Mr. Chair. Thank you to all of you for coming today, and in particular thanks to the Auditor General and his staff. This has been a very important morning, and I think a lot of good information has been shared already that is going to be reassuring to all Albertans.

Actually, I want to focus on Choosing Wisely. I'm actually going to ask Dr. Mazurek and Mr. Gormley about how we can actually use Choosing Wisely, which I actually have on my iPhone. When I'm seeing patients, I regularly consult it. How could we integrate that into the clinical information platforms so that we are not duplicate testing or duplicate prescribing or so that we are ordering the correct tests or the right treatments? I think physicians should be accountable for that as well. That's why I'm asking perhaps Dr. Mazurek to answer first.

Dr. Mazurek: Yeah. You may know that we have this road map towards an integrated electronic patient record. You've raised a really, really important thing, and that is that the clinical information system is not only a record-keeping system. Like, we really need to talk about the meaningful use of that system, and we need to build capacity. We need to get physicians to actually use the clinical information they have in ways to add value. We know, based on information, that that currently isn't happening. I do believe that that needs to be a primary goal. It is certainly identified in the road map.

One of the things that we need to do as a regulator is to support physicians in the education piece, to allow them to develop the competencies to do that. Then I would say that, you know, the ability of the clinical information systems to support that would fall more with AHS. But I truly believe that our role has to be to encourage, empower, and support physicians, not just the ones who are motivated, like you with your app on your phone, but every physician in this province. That needs to become a standard expectation. I think our road map identifies that over time.

Mr. Gormley: Yeah. One of the interesting aspects of Choosing Wisely is that what it's trying to do is encourage a conversation between physicians and patients in terms of that use. I think there is, then, a benefit there in terms of appropriateness and so on. It's not, strictly speaking, a cost-saving initiative. It's more about the appropriateness and so on. So I agree with what was just said. There is some potential on having that information come in, but I think the other place, in time, would be through the patient portal and so on, because it is about both. I know you know this. It's not simply aimed at – it feeds into also that issue that was raised by the Auditor General of how we start engaging Albertans in their own care and their responsibilities for that and so on. I think Choosing Wisely has great potential for that and I think through electronically, too, both patients and physicians.

Dr. Turner: Thank you. I'll pass on my supplemental.

The Chair: Okay. Thank you very much.
Mr. Panda.

Mr. Panda: Thank you, Mr. Chair. Mr. Gotfried and Mrs. Littlewood talked a little bit on the costs. You said to be specific, so I have a specific question with a subquestion. I need short answers on this. If you don't have them readily available, you can send to us later because of the time tightness here.

How much over the national average was our health care spending? How much over the national average was our cost for care? How much over the national average is our cost per day . . .

The Chair: Mr. Panda. Sorry. Can we start with the first question?

Mr. Panda: Those are all into one question, Mr. Chair.

The Chair: I recognize that you would like to put six or seven into one question, but can you be breaking that into . . .

Mr. Panda: Sure. What is the spending gap per capita? Those are my questions.

Dr. Amrhein: Is the first question: how does the percentage of provincial spending in health in Alberta compare with the national average?

Mr. Panda: Yeah, between Alberta and other Canadian jurisdictions.

Dr. Amrhein: As a percentage of government spending we're on the high side. I would have to consult with our finance team to get precise numbers.

Mr. Panda: Yeah, I appreciate that.

Similarly, if you can get the national average over our cost for care and cost-per-day stay and spending gap per capita – if I can get those answers later.

Dr. Amrhein: Okay. Just to send them?

Mr. Panda: You can send to me later.

Dr. Amrhein: Okay.

Mr. Panda: My follow-up question I'm sharing with Mr. Gotfried.

The Chair: No, I think that we're done with your set.
Can we move on to Ms Luff?

Ms Luff: Thank you. You've answered some of these questions already, but maybe we can just, you know, talk in a little bit more detail. One of the things that really surprised me about this report was just the idea that family physicians' information is not connected to hospital information. When I bring this up with people, they go: "Yeah. That's silly. Why isn't that a thing?"

It seems like you've answered questions that you're working to get Netcare and CIS working together to be able to integrate with physicians' individual systems, which I think is great, but maybe you can just confirm. Like, the AG report says:

> Initially, CIS was envisioned as a provincial system to connect providers across the entire continuum of care. As of August 2016, the department no longer refers to CIS as a provincial system, but as an AHS system that will not include family physician offices.

Perhaps you could just touch a little bit more on how you're going to get that across the province to make sure that we are connecting our physicians' offices to our AHS systems.

Dr. Amrhein: My colleague Kim Wieringa referred to evolution through time. Asking AHS to both simultaneously try to make sense out of 1,300 systems and import data from a large number of physician-based electronic health records, in the views of the information systems professionals, was setting AHS up to fail. That may, in the minds of many people, remain the goal.

There's also a very important question about: if you put 100 per cent of your health information into a system that is a private vendor, then you are beholden to a single private vendor for 100 per cent of your health information.

11:50

The road map we have presented to government – and it's been accepted – is that AHS will build their CIS within their purview, working in northern Alberta first, Edmonton as the start, spread that across the province, and harvest the savings from 1,300 systems to whatever the final number is. At the same time we will spend effort and energy on elaborating and enlarging Netcare by commissioning Orion to bring what is called the CIHI bundle of personal health data into Netcare so that in Netcare a specialist from AHS and the family physicians will see each other's data.

For a long time it has been the case that laboratory reports and imaging and other pieces of information have been available to both acute specialists and family physicians in Netcare. Now we are adding other health professionals, as Kim Wieringa mentioned, so Netcare for the next little while will be this great aggregating assembly of different types of repositories and depositories. In time I will not be surprised if the power and the sophistication of AHS CIS begins to entice physicians to go directly into that facility, but they will be recruited, enticed, encouraged, not ordered.

Dr. Yiu: Just a quick comment to say that in the selection process for the preferred vendor for the AHS CIS the primary care physicians were very much a part of that process. Even though we're planning to have it within our system, which is not just hospitals but also within the community and ambulatory clinics that we run, we were very purposeful about making sure the primary care physicians were integral in the selection because we understand that the long-term vision is to ultimately have for the Albertan one record, one system.

The Chair: A supplemental, Ms Luff?

Ms Luff: Yeah. I think this is generally all making me feel much better than I did after I read the Auditor General's report.

I guess people also are interested in being able to access their own health care records, so could you maybe provide an update on how you're working towards that and maybe when people will be able to do that?

Dr. Amrhein: I'll ask Kim Wieringa to give us a rough time. The situation we faced – and this is a substantial shift in ministry thinking. We were building a personal health portal. Then software engineering and digital technology took a quantum leap, and we now have to redo some of it. We are working on the interfaces so that on the iPhone you can recognize it or whatever phone you're using, maybe even an iPad. Who knows?

Kim?

Ms Wieringa: Thank you. The personal health record . . .

The Chair: Please announce your name and title again for the record.

Ms Wieringa: Sorry. Kim Wieringa, Alberta Health, ADM, health information systems.

The personal health record currently has 1,200 users. They have access to drugs and all of their own personal health history that they can add, and they can upload either digitally or by entry other information from devices. As of late next month there will be 53 lab test results also available on the personal health record. We are in a limited production rollout right now.

We're continuing to test. Part of the testing will include the Service Alberta digital identity service, which will ensure that we actually validate the person's identity beyond a shadow of a doubt so that when personal health information is exposed, we're not conducting a breach of information to the wrong person. We have been working in parallel with them in the last couple of years. That's taken some time. We're also in an RFP process to replace the platform.

The Chair: Okay. Thank you very much.

I'd like to thank everyone for keeping your questions and remarks remotely brief.

Before we wrap up this morning, I'd like to open the floor to questions related to any portion of the report. I'd also like to give our guests the opportunity to provide any final remarks they would have at this point. Beginning with the Ministry of Health, Dr. Amrhein, I will give you one minute if you wish to provide any final comments.

Dr. Amrhein: I'll try to be less than a minute. I would like to thank the Auditor General and his team. This is, in my view, an extraordinarily important report. It focuses appropriate attention on system-wide issues that are of great concern not only to Alberta but across Canada and, really, much of the developing world. The Auditor General by process has to pick a date. We continue to work, we continue to evolve, and we have ongoing discussion with the Auditor General and his team on those aspects of his report that have evolved since the report was closed and released. I'd just like, on behalf of all of us, to thank the Auditor General and his team for a very, very important and ongoing level of engagement with us.

The Chair: Thank you, Dr. Amrhein.

Moving over to Alberta Health Services, Dr. Yiu, you have one minute to go ahead.

Dr. Yiu: Thank you very much. I just want to echo Dr. Amrhein's comments about thanking the office of the Auditor General.

We're very excited about our three-year health plan and business plan. It really does set the stage for us for further improving our integration of health care.

We have our annual report, that we submit over to the ministry and then is made public, and we are accountable to the public.

We are going to be embarking on engagement of communities through our health advisory councils and provincial advisory councils. We're very excited about that because we do need to get out to our local communities for them to be aware of what impact our health plan and business plan have on them. We are vested in making sure that we actually have the right health care in place.

And just to say that we do also have a Wisdom Council, which is full of indigenous elders and healers. Again, with those opportunities we are going out to do some engagement.

Thank you for the opportunity.

The Chair: Thank you, Dr. Yiu.

The Alberta Medical Association. Mr. Gormley, you have one minute to make your final comments as well.

Mr. Gormley: Less than that. I think that in many ways we have a unique opportunity here. I think that's recognized across the country, the fact that we do have, for example, Alberta Health Services able to deliver across the province, the fact that we have the relationships we do. The Auditor General pointed out that it can't be done alone, it has to be done together, and I think there's a real opportunity to do that.

The Chair: Thank you very much.

Finally, the College of Physicians & Surgeons. Dr. Mazurek, you have one minute.

Dr. Mazurek: Thank you. I will echo those comments. We at the college are very grateful for the Auditor General's report. I think it has provided us with a tremendous opportunity to continue on with the many discussions we've been having and to focus us on, you know, the desired future that we're all working towards. As you heard today, there are many platforms in place. We're ready, able, and willing to move toward this integrated system, and we're certainly committed to working together. Our council will be discussing the Auditor General's report tomorrow. The college will be looking at what we can do above and beyond what we talked about today.

The Chair: Thank you, Doctor.

Finally, Mr. Saher, you have three minutes to do closing remarks.

Mr. Saher: Thank you, Mr. Chair. I would like to remind all Albertans and MLAs that this was a report prepared under the Auditor General Act for MLAs. You represent Albertans; this was a report prepared for Albertans through you. Those Albertans listening in today might be saying, "Yes; it's been a very informative morning," but I think there will be this question. What next?

I was taken by Mr. Gormley in a number of his answers. At least, definitely in one – I must be precise – he stated that, you know, the real challenge is how to proceed. I listened to Dr. Yiu talk about AHS's three-year road map. Dr. Amrhein talked about strategies to integrate or bring together primary and acute care into a single environment. And most importantly, because this is hugely important, Dr. Amrhein talked about the PCN governance approach, the new structures there.

12:00

So I come back to this point, that integrated health care has been the goal for many, many years. In our report on page 23, under a title that we called A Cascade of Health Strategies, we outlined a number of strategies that started. Some are ongoing. But the point that that diagram seeks to make is that at any one time or over time there are many, many strategies that are launched.

The question or the challenge, if you like, that I pose to this Public Accounts Committee: you see, as auditors we seek to have our recommendations implemented. An implementation plan, that this committee could monitor over time, would evidence your support of your legislative auditor in serving Albertans. To me, the answer to "what next?" is that perhaps this Public Accounts Committee on behalf of Albertans, not at this moment, consider the idea that you would call for a master implementation plan, a plan designed to achieve an articulated view or a level of integrated health care, who will do what, by when. All of these strategies that are under way: how will they be integrated, and how are they dependent on each other? That's the place, in my mind, to answer the questions that have been made about cost because that's the place to integrate cost into the vision.

I'll leave it like that. Simply, I'm signalling to the Public Accounts Committee. I'm your servant, but I'm signalling to you that I will be trying to engage with you, with you using your role as a committee, a subset of the Legislative Assembly, in the role of looking at administrative effort and, in effect, counselling you to request evidence that all of the good things that have been said today can in fact be executed coherently and in unison going forward.

Thank you.

The Chair: Thank you.

I'd like to thank the Auditor General and his staff as well as the officials from the Ministry of Health, Alberta Health Services, the Alberta Medical Association, and the College of Physicians & Surgeons for attending today and participating in the discussion surrounding better health care for Albertans. We ask that any remaining questions that have not been answered please be submitted to our clerk within the next 30 days.

We will adjourn this meeting until 1:30. Members are reminded that a premeeting will be at 1 o'clock in the Grassland Room.

Thank you very much.

[The committee adjourned from 12:03 p.m. to 1:30 p.m.]

The Chair: Good afternoon, everyone. I would like to call this meeting to order for the Public Accounts Committee. My name is Scott Cyr. I'm the MLA for Bonnyville-Cold Lake, and I'm the chair of the committee. I'd like to ask that the members, staff, and guests joining the committee at the table introduce themselves for the record, and then I will go to the members on the phone lines.

Mr. Hunter: Grant Hunter from Cardston-Taber-Warner.

Mr. Gotfried: Richard Gotfried, Calgary-Fish Creek.

Mr. Barnes: Drew Barnes, Cypress-Medicine Hat.

Mr. Fraser: Rick Fraser, Calgary-Foothills.

Mr. James: David James, Alberta Energy.

Ms Volk: Coleen Volk, Alberta Energy.

Mr. Borland: Douglas Borland, Alberta Energy.

Mr. Ekelund: Mike Ekelund, Alberta Petroleum Marketing Commission.

Mr. Zurbrigg: Doug Zurbrigg, office of the Auditor General.

Mr. Saher: Merwan Saher, Auditor General.

Mr. Leonty: Eric Leonty, Assistant Auditor General.

The Chair: It appears that we're having certain technical issues.

Dr. Turner: I will speak up, then. Bob Turner, Edmonton-Whitemud.

Ms Renaud: Marie Renaud, St. Albert.

Ms Luff: Robyn Luff, Calgary-East.

Ms Miller: Good afternoon. Barb Miller, MLA, Red Deer-South.

Ms Babcock: Good afternoon. Erin Babcock, Stony Plain.

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

Dr. Massolin: Good afternoon. Philip Massolin, manager of research and committee services.

Ms Rempel: Jody Rempel, committee clerk.

The Chair: Mr. Malkinson, can you introduce yourself for the record?

Mr. Malkinson: Absolutely. Brian Malkinson, MLA for Calgary-Currie.

The Chair: Thank you. I would like to note for the record the following substitutions: Ms Babcock for Ms Goehring, Mr. Carson for Mr. Westhead, Mr. Hunter for Mr. Fildebrandt.

A few housekeeping items to address before the business at hand. I would ask that everybody make sure that they speak clearly and close to the mikes so that everybody can hear. The microphone consoles are operated by *Hansard* staff, so there's no need to touch them. The audio and video of the committee meeting proceedings are streamed live on the Internet and recorded by *Hansard*. Meeting transcripts are obtained via the Legislative Assembly website. Please turn your phones to silent for the duration of the meeting.

Please, deputy chair.

Mr. Dach: Lorne Dach, MLA, Edmonton-McClung, deputy chair.

The Chair: Perfect. All right. I'd like to welcome our guests from the Ministry of Energy who are here to address the outstanding recommendations from the office of the Auditor General as well as the ministry's 2016-2017 annual report. Members should have copies of the committee's research briefings as well as the OAG briefing documents. The committee also received the completed outstanding recommendations from the office of the Auditor General documents with respect to the ministry and the Alberta Energy Regulator.

We have technical difficulties. Let's call a five-minute recess so that we can iron that out so that we can get everything on the record.

[The committee adjourned from 1:34 p.m. to 1:44 p.m.]

The Chair: Thank you. Let's restart the meeting.

Good afternoon. I'd like to say that I am the chair of the Public Accounts Committee, Scott Cyr, the MLA for Bonnyville-Cold Lake. For the record I'd like to go to my right and have everybody reintroduce themselves that were missed in the last introduction.

Mr. Dach: Lorne Dach, MLA, Edmonton-McClung, deputy chair.

Mr. Gotfried: Richard Gotfried, MLA, Calgary-Fish Creek.

Mr. Barnes: Drew Barnes, Cypress-Medicine Hat.

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

Mr. Fraser: Rick Fraser, Calgary-South East.

Mr. James: David James, Alberta Energy.

Ms Volk: Coleen Volk, Alberta Energy.

Mr. Borland: Douglas Borland, Alberta Energy.

Mr. Ekelund: Mike Ekelund, Alberta Petroleum Marketing Commission.

Mr. Zurbrigg: Doug Zurbrigg, office of the Auditor General.

Mr. Saher: Merwan Saher, Auditor General.

Mr. Leonty: Eric Leonty, Assistant Auditor General.

Dr. Turner: Bob Turner, Edmonton-Whitemud.

Ms Renaud: Marie Renaud, St. Albert.

Ms Luff: Robyn Luff, Calgary-East.

Ms Babcock: Erin Babcock, Stony Plain.

Mr. Carson: Jon Carson, Edmonton-Meadowlark.

Ms Miller: Good afternoon. Barb Miller, MLA, Red Deer-South.

Dr. Massolin: Good afternoon. Philip Massolin, manager of research and committee services.

Ms Rempel: Good afternoon. Jody Rempel, committee clerk.

The Chair: Mr. Malkinson will call in and introduce himself later.

Not to go through the entire thing that I went through last time, but I will give the Energy deputy minister an opportunity of 10 minutes to be able to use this time for opening remarks. Please begin.

Ministry of Energy

Ms Volk: Thank you, Mr. Chairman.

Good afternoon, everyone. I'm pleased to be here to present highlights from the Ministry of Energy's annual report for 2016-17 as well as address some of the items currently being reviewed by the office of the Auditor General. Joining me at the table from Energy are David James, assistant deputy minister of electricity and sustainable energy; Douglas Borland, assistant deputy minister of ministry services; and Mike Ekelund is acting CEO of the Alberta Petroleum Marketing Commission and previously the assistant deputy minister of resource revenue and operations.

I'll start by providing an update on the department's progress regarding the 2016 Auditor General's report and recommendations, and then I'll provide a look back at some of the accomplishments of the ministry over the past year. I'll be pleased to take your questions after my comments.

In its 2016 review the Auditor General recommended annual evaluations and reports on the department's royalty programs to ensure that they were achieving their objectives. The department has taken several steps to improve public reporting on royalty programs. An internal team reviewed the recommendation and developed an implementation plan to move forward. The department provided information about the royalty programs in the

ministry's 2015-16 annual report, published in June 2016. This included the dollar amount of royalty adjustment for each royalty program for the year as well as describing the objectives for each royalty program. Additional information on the programs was reported in the 2016-17 annual report such as total royalty revenue, production, and progress towards the outcomes.

Our intent is to publish performance metrics on all of our royalty programs in our annual reports going forward to show that they have met their intended objectives. The department has also been working on an evaluation framework to apply to the existing royalty programs and any future programs. We recognize the importance of this, and we want to be able to demonstrate that Energy's royalty programs are meeting their objectives and help the public have confidence that the system is working properly for their benefit.

As the committee is aware, electricity prices are at historic lows in Alberta. This has caused financial challenges for power companies that were the successful bidders on higher cost power purchase arrangements, or PPAs. In late 2015 the Balancing Pool received notification that six PPAs were to be turned back to the Balancing Pool. As a result of the return of PPAs and the lower power prices the Balancing Pool was in a deficit position. A loan agreement with the government of Alberta was put in place to fund operating losses. The government has given the Balancing Pool the tools it needs in order to manage these costs. The loan had the result of protecting consumers, limiting a charge that could have been as high as $13 a megawatt hour to $1.11 per megawatt hour. Over time the Balancing Pool will recover these costs from consumers and repay the funds loaned by the government of Alberta.

The Balancing Pool is exploring options to dispose of the PPAs and has recently consulted stakeholders on that. While government gave it the tools to better manage the cost impact to consumers, the Balancing Pool is an independent agency and makes its own decisions about how to manage the power purchase arrangements it holds.

As stated in our annual report, the flow of capital investment into Alberta for the development of energy resources will continue to be affected by geopolitical uncertainty and continued commodity price volatility. That being said, bitumen royalty made the largest contribution to provincial resource royalty revenue in 2016-17. Bitumen revenue collected totalled $1.48 billion, or approximately 48 per cent of nonrenewable resource revenues. Bitumen royalties were higher than budgeted due to higher than expected crude oil prices. Also higher than budgeted were conventional crude oil royalties. That contributed $716 million, and natural gas and by-product royalties brought in $520 million.

1:50

The most influential factor affecting nonrenewable resource revenue is commodity prices. Other factors such as capital and operating costs, the exchange rate, and production also affect royalty revenues. As we all know, energy commodity prices have changed significantly over the last number of years. The lower oil price environment has affected both Alberta and its competitors. In 2014 the average annual west Texas intermediate oil price was $93 per barrel. In 2016 the average annual price was $43.32. The decline in oil prices has translated into lower investment. Although investment in Alberta is down, the province still attracted a significant majority, 69 per cent, of total Canadian investment in the upstream oil and gas industry in 2016.

As the committee is aware, the new modernized royalty framework came into effect January 1. Under the modernized royalty framework 158 wells were approved to opt in early before the framework was set to take effect. These are wells that would not otherwise have been drilled last year. There are two new programs in place under the modernized royalty framework, the emerging resources program and the enhanced hydrocarbon recovery program. As members are aware, regulations are in place to facilitate improved transparency and project reporting.

With respect to pipelines and market access the federal government has approved the Trans Mountain pipeline project, subject to conditions. This $7.4 billion expansion project will carry an additional 590,000 barrels per day to Canadian tidewater for export to the U.S. west coast and the Asia Pacific. It represents $20 billion in additional taxes and royalties for Alberta and 22,000 jobs in the province during construction and operation. Government has clearly articulated its position that the pipeline is in the public interest and that clear, consistent, and predictable rules are needed.

This past year also saw the approval of Enbridge's line 3 replacement project. This 1,600-kilometre pipeline runs from Hardisty through southern Saskatchewan and Manitoba to Superior, Wisconsin, and will replace the original 1968 pipeline. The $5.3 billion project will take two years to complete and nearly double the line capacity to 760,000 barrels a day.

In addition, my department is looking forward to the planned construction of the Keystone XL pipeline. This is an $8 billion project carrying 830,000 barrels per day to Steele City, Nebraska, where it joins an existing line to Cushing, Oklahoma, and on to the U.S. Gulf coast. It means $3.7 million in property taxes annually in Alberta and an estimated 2,200 construction jobs in Canada. The final step is the approval from the Nebraska Public Service Commission, and we expect that to come in late fall.

With respect to our electricity sector my department continues to implement a series of changes announced over the past year. To start, the department is working on executing a plan to transition to a capacity market in the coming years. In capacity markets private power generators are paid through a mix of competitively auctioned payments for their ability to produce power on demand and prices from the competitive wholesale electricity spot market. Capacity markets directly benefit consumers by reducing price spikes and market uncertainty. They do this by ensuring appropriate levels of electricity capacity and driving efficient use of the existing transmission system. They also accommodate energy efficiency initiatives better than Alberta's current system. This transition was recommended to the government by a set of external experts, current and potential investors, as well as the Alberta Electric System Operator, which oversees the province's electricity system in the interests of the public. Alberta's capacity market will be developed carefully and in consultation with stakeholders. The department and the AESO are actively undertaking consultations.

Government also introduced a four-year 6.8 cent per kilowatt hour regulated rate option, effective June 1. This ensures stable electricity prices for consumers as Alberta transitions to a reliable, low-emissions electricity system. Government is also taking steps to enable greater development of renewable and low-emission generation, from individual homeowners to utility-scale generation.

In November 2016 the government announced the renewable electricity program, or REP, to enable Alberta to meet its target of having 30 per cent of its electricity generated from renewable sources by 2030. The program will play a key role in Alberta's climate leadership plan by increasing the use of renewable energy generation such as wind, solar, geothermal, sustainable biomass, and hydro. The program will add 5,000 megawatts of nonrenewable electricity capacity by 2030 using a competitive process administered by the Alberta Electric System Operator. Alberta Energy is working closely with the system operator to provide policy guidance and to ensure alignment with other climate and electricity initiatives.

Investment in Alberta's electricity system will be enabled through a competitive and transparent bidding process to select the most cost-effective projects while ensuring projects come online in a way that does not impact grid reliability. Successful projects will be privately funded and supported by reinvesting a portion of carbon revenues from large industrial emitters.

The first option is designed to deliver 400 megawatts, to be in operation by the end of 2019. Government will continue to work with stakeholders to develop and implement future rounds of the renewable electricity program to ensure that the development of renewables is successful and conducted in an open and competitive manner.

The Chair: Thank you for that.

I will now turn it over to the Auditor General for his comments. Mr. Saher, you have five minutes.

Mr. Saher: Thank you, Mr. Chairman. I can give you back the five minutes; I have no opening comments today.

The Chair: Thank you for that. We appreciate the time savings, and I should say thank you for your comments.

Our time allotment format for questions from the committee members has been adjusted specifically for this two-and-a-half-hour session. Our first rotation will be 20 minutes to each Official Opposition and then government members, and then our second rotation will be a 20-minute slot for any opposition committee members and a 20-minute slot for government members. In our third rotation the time slots for the opposition and government members will be reduced to 10 minutes each, followed by a five-minute slot for any independent, Alberta Party, Liberal, or PC members in attendance who wish to participate. Finally, with the agreement of the committee the rotation will then continue in a five-minute increment with any remaining time left over.

I will now open the floor to members who have any questions. Mr. Fraser.

Mr. Fraser: Thank you, Mr. Chair. Good afternoon. Thanks for all your hard work for Albertans and your diligence in doing that. On page 33 you discuss the importance of market access to ensure we receive a better price for our energy products. I'm just curious. Does the Department of Energy track or forecast the expected economic benefits of new pipelines and the expanded market access those pipelines would provide?

Ms Volk: Yes. Give me a second; I'm thinking about how to answer that. I gave some of the figures in my opening remarks about the number of construction jobs and the royalties that it would generate, but your question was more specific than that, wasn't it, Mr. Fraser?

Mr. Fraser: Yeah. The benefits of new pipelines and the expanded market access those pipelines would provide.

Ms Volk: Mike? Thank you.

Mr. Ekelund: Thank you very much. We don't have a formal tracking mechanism with respect to those; however, we certainly keep track of work that's done, the information that's provided to the hearings. Just a couple of examples. With respect to the Enbridge Northern Gateway pipeline, the Muse, Stancil report identified I think it was a $2 to $3 uplift per barrel that would go on that pipeline. Arguably, we'd see similar things on the Trans Mountain. I don't happen to have their hearing materials in front of me. Similar work was done by the Canadian Energy Research Institute at about that time. Some different assumptions, assuming that oil sands would potentially be shut in if there wasn't a capacity, and I think they showed something in the range of $8 a barrel of decrease in price. So certainly that kind of analysis is done. We do keep track of it, and it is important to understand.

Mr. Fraser: Great.

Are you currently tracking how much money the province would be losing in revenue for each day that the Trans Mountain pipeline doesn't start construction or the delay in that?

Ms Volk: I don't have that number at my fingertips, but I can see if we have that.

Mr. Fraser: Okay. Do we have any estimates on what that would look like if the pipeline is actually blocked by the government in B.C.?

Ms Volk: Mike, do you know if we have that specific a number?

Mr. Ekelund: No. We don't have a specific number for that. Part of the challenge would be understanding what the potential long-term forecasts are, when that pipeline will be needed, how it will fit with Keystone XL. Keystone XL will of course take up part of the slack, assuming that it is in place prior to Kinder Morgan. We do have some rough indications, certainly, of the differences between rail and pipeline transportation, and that is a number that we can use.

If there is no additional pipeline access and the oil moves from pipeline to rail, maybe I can be corrected by some of our staff here, but I think that could give something in the range of a $6 to $8 per barrel difference. We do think, based on some of the current projections, that we could be short of pipeline capacity pretty soon. Seeing some of that rail differential, if these pipelines are delayed, obviously that rail differential is really going to be the key measure.

Now, the Muse, Stancil report also talked about an Asian premium, but I think the rail is really the key aspect.

2:00

Mr. Fraser: Right. Just correct me if I'm wrong. Right now with the oil sands we are at capacity. Without pipeline access it would be really difficult to grow the oil sands, correct?

Mr. Ekelund: I think that's correct. There have been a number of forecasts, and I was just looking at some the other day. I think we are in the situation where some of it would be moving by rail this year or next if it's not already taken by rail, but with some of the lower prices we are seeing some of those longer term forecasts. For example, the CAPP forecast, I think, has been decreased.

Mr. Fraser: Right. I think the discussion has been ongoing for some time about social licence. You kind of mention that in your annual report on page 34, that the climate leadership plan is a part of securing market access. When we think about that, in your estimation do you think that we need to be more aggressive in achieving that paradigm shift, recognizing that perhaps, you know, even dating back to the Redford government, the idea of earning social licence to get market access, really, to date hasn't worked? Would you agree with that to some degree? Like, it's a little bit more difficult than maybe we're giving it credit for. We still don't actually have the pipelines yet. They continually are being blocked.

Ms Volk: I would say that it's been a tough challenge. I think TMX will help us determine how much of a challenge that still is, but it's certainly something that the department continues to be very, very focused on. We've got resources dedicated to market access, to

compiling facts and figures, to confirming facts and figures, and to calling out when we see things that aren't right.

Mr. Fraser: Can you maybe detail just in regard to your business plan what new strategies you're coming up with in the event that these pipelines don't move forward?

Ms Volk: You're getting a little bit off the annual report, so I'm not quite prepared on that, I think, but I know what you're getting at. The things that we've already talked about in the annual report have been around working with industry to determine what the issues are, what sort of communication is necessary. There is a provincial group that works on the Canadian energy strategy. The provinces get together and look at communications and what is standing in the way, what is preventing public confidence, what we can do as a group of provinces collectively to improve public confidence. I'd say that's probably the main part of our business plan.

Mr. Fraser: All right. The Alberta Petroleum Marketing Commission recently had their borrowing limit increase from $400 million to $800 million. What prompted the government to double the APMC's ability to borrow?

Ms Volk: This is a fairly technical catch-up, I think, but maybe, Mike, you'd like to describe that.

Mr. Ekelund: Certainly. There are a number of elements included in that. Just to give you some backstory on this, there was a $1 billion capability for APMC to borrow for any requirements that it had for strategic purposes, for example for Sturgeon, for initial line fill on Energy East, that kind of thing, $400 million allowed for the Treasury Board and Finance department to borrow, to on-lend to APMC. That covered the initial $325 million of lending from APMC to North West Redwater Partnership as part of its subordinated debt. That subordinated debt takes the place of equity in allowing NWRP to go out and do senior debt borrowing, to maintain an 80 per cent senior debt to 20 per cent equity ratio.

With the increases in costs from $8.5 billion estimated to $9.4 billion and, in their most recent management discussion or analysis, $9.4 billion plus potentially a 1 to 2 per cent increase, it was determined that we would go above that $400 million in the amount of subordinated debt required. We put in 10 per cent of whatever the additional increase. CNRL puts in the other 10 per cent. That gives the 20 per cent to maintain that 80-20 ratio.

At the same time as ensuring that there was sufficient room for borrowing by Treasury Board and Finance to on-lend to APMC, we also looked at: what were the initial commitments going to be that we had also included when we had asked for the $400 million? That included initial tank fill, whatever the amount of fluids in the tanks we purchase, paying the first, I think, two months of the toll in advance. There were some small things like tools and stuff where, again, the inventory transfers over and some minor costs on that.

It also gives some contingency in case there are losses in the initial year. In the start-up part of the year will the thing run as required, you know, fully from the start? If not, then we may not have as much money to cover the tolls and have to have some payments there, so we wanted some contingency for that. That's what that covers.

Mr. Fraser: Right. It's my understanding, though, that the repayment of that debt to Albertans is about a 10-year timeline once it's fully commissioned. Is that correct, that it's about a 10-year timeline on that subdebt?

Mr. Ekelund: I think that's correct. I'm sorry; I don't know.

Mr. Fraser: Right. It's also my understanding that you had mentioned kind of 80-20, but isn't the APMC at about 75 per cent right now at phase 1?

Mr. Ekelund: No. Thank you very much. That's a really good clarifying question. The cost of the facility is financed through equity put in by North West Redwater and by Canadian Natural Resources, 50-50, plus the subordinated debt, which is what APMC and CNRL put into that. That forms the equity, and they're able to use that money to build a refinery. Plus, the other 80 per cent is by borrowing from lenders. They go and put out $500 million worth of bonds at a time to do that. That subordinated debt is put in 50-50 by ourselves and by CNRL.

The 75-25 split is for the actual fluid that goes through the facility and the payment of the tolls. Because we're putting in 75 per cent of the bitumen, we get 75 per cent of the products out and the revenues from the products, and CNRL puts in 25 per cent. We pay 75 per cent of the tolls, and they pay 25 per cent of the tolls. That's separate from the financing piece.

Mr. Fraser: Okay. Essentially the Auditor General has said that, you know, over the term of the agreement there will be a positive return, and we heard yesterday in estimates from Treasury Board and Finance that they put some stock in the Conference Board of Canada and some of the studies they've done on this. The Conference Board of Canada has said that this is good for Albertans over the long term. The Auditor General has said that. To my point, we started talking about tracking the benefits or losses of not having pipeline access and the idea of a paradigm shift. That's why I asked if inside your office, you know, you were thinking about this.

It's also my understanding – correct me if I'm wrong. You'd be aware. I think the last refinery built in North America was back in the '70s. Once this is complete, it's also my understanding that it would be about 79,000 barrels of bitumen per phase. If phase 2 was approved by the government – and again that leads back to maybe the extra borrowing – are you planning on phase 2 as it would be able to take more barrels, you know, more feedstock? Again, we would be able to market low-sulphur diesel, which is a premium product, you know, the whole value add. Rather than having to get our bitumen somewhere, we're actually doing the product here. Are you in talks about phase 2 yet?

Ms Volk: The government hasn't made any decisions on phase 2 yet. They're still considering that. I think their public statements have been around wanting to see how phase 1 goes first.

2:10

Mr. Fraser: All right. Very good.

Capital investment in the oil and gas sector is declining both in total dollars and as a percentage of total investment in Canada, page 17 in the bottom table. Is this trend expected to continue? If the investment continues to decline, how will this affect the development of the oil and gas sector?

Ms Volk: This is a difficult one to predict in terms of where this will end up. Of course, as we've seen, it's very subject to commodity prices. It's also subject to individual companies' decisions as to what types of assets they want to be in, whether they want to be in a long play like the oil sands or something shorter like a light tight oil play out of Texas or something. So it's very, very difficult to predict what will happen to those flows.

Certainly, for 2016 the results clearly indicate that capital investment did decrease. Global and national oil and gas players have been affected by those sudden changes in commodity prices, and that has translated into companies taking less financial risk and

reducing their capital investment. It's clearly a possibility that that could continue but very hard to predict in which direction.

Mr. Fraser: Right. Would it be fair to say, you know, from the Paris climate change summit, that trying to get that 2 degrees in temperature change and with the federal government talking about $50 a tonne – would you say that that may have some investors with some cold feet?

Ms Volk: It's not what we hear. When we speak with industry on the carbon levy or the proposed federal carbon levy, those aren't really the reasons that are cited to us. Reasons for the decline in investment have been more around global commodity prices than they have been around anything local, Alberta made.

Mr. Fraser: Right. But it would be fair to say that it would be difficult to earn more money from these projects if there was a $50 carbon tax.

Ms Volk: It certainly would be an additional expense for companies, but would it be a reason for them to not invest? I think, you know, the materiality of that is a question. I say that that's not what we hear from industry. When they are making their big investment decisions, they tend to be far more on much bigger issues like the global price of oil.

Mr. Fraser: Okay. Page 18, the table on page 18. Along with reductions in capital investment we're also seeing a decline in drilling activity. Is the lower capital investment leading to fewer wells being drilled in Alberta?

Ms Volk: Is the lower capital activity leading to fewer wells being drilled?

Mr. Fraser: Yeah.

Ms Volk: I think that would be safe to say.
Mike?

Mr. Ekelund: Thank you. I think it's actually the other way around. It's the lower number of wells that results in lower capital, right? Like, the capital includes the cost of drilling the wells.

I think the key challenge on the drilling piece as well as to some extent on the capital investment piece largely has been the change in the prices. What we see on the drilling activity is a decline in the number of wells with reduced prices and significant competition from our U.S. competitors. We used to be in a situation where, you know, we had some of the last remaining gas that we could sell into the U.S. Now they're our biggest competitor, so that's really pushed back drilling on gas. Same thing with the oil in North Dakota, and other places push back on our oil, so there are fewer wells being drilled for those, and they're being drilled primarily as these long horizontal multistage fracture wells.

To address that, the government did do the royalty review, and we've put in place starting in January this year the modernized royalty framework. That gives greater recognition to what the cost of wells are in Alberta, and I think it takes the royalty review recommendations and their findings that we are being challenged on the competitive side or were being challenged on the competitive side to a modernized framework which is competitive with these other key jurisdictions across North America. So you could see that that drilling activity – and I think the indications are, from what we've heard from the drilling organizations and from companies themselves, an increase in drilling this year. You can't say that that's all because we've put the modernized framework in place because we've also had, you know, some improvements in price over 2016. I think we were down at one point at $30 a barrel. That's a pretty challenging time to get drilling activity or capital investment in drilling activity.

Mr. Fraser: Okay. You had mentioned something, and it's not necessarily related to drilling. You talk about being in competition with the United States. We know that with the petrochemical industry and the petrochemical diversification council – and I think they said that it was about $250 billion that was invested in kind of that value-added petroleum diversification or petroleum upgrade industry. Canada only saw about 2 per cent of that $250 billion. Is there a plan to increase the allotted money to the petrochemical diversification council to enhance that program? It's my understanding that those companies are looking for that, much like some of the tax holidays and incentives that they have in Louisiana, where a lot of that business is going.

Ms Volk: Right. The government did launch the petrochemicals diversification program and awarded contracts in that last year. There aren't any current plans for another kind of exercise like that, but what is under way right now is the Energy Diversification Advisory Committee, EDAC. They have consulted with and may still be consulting with stakeholders and will be preparing a report with some recommendations for government that is expected soon. Until that time the government hasn't made a decision as to what would be next on that front.

Mr. Fraser: Right. You may be aware of this, and likely so. In talking about some of the major projects, at Fort Hills right now it's my understanding that there are about 2,500 jobs being shed per month. I think that by the end of November that project will be complete, and there will be 20,000 jobs lost there. [A timer sounded] I'll follow up at another time.

The Chair: Thank you, Mr. Fraser.
Mr. Carson.

Mr. Carson: Thank you very much, Chair, and thank you, all, for being here with us today. As the Auditor General notes on page 18 of his February 2016 report, it's important that we ensure that programs are achieving their objectives and providing value to Albertans. To do that, we need strong performance metrics and public reporting of results. For recommendation 1, to evaluate and report on royalty reduction program objectives, can you please speak to the royalty program performance metrics you've included in your 2016-17 annual report?

Ms Volk: Sure. Thank you. With natural gas deep-drilling performance measures, the number of new eligible gas wells as a proportion of total new gas wells in the province measures the industry's interest in the drilling program, so the eligible wells, the deeper natural gas wells, as compared to total wells drilled in the province. The measure refers to the number of wells that have both come on production and are newly qualified for the program as compared to all the wells coming on production for the same time period.

In 2015 new eligible wells as a proportion of total new gas wells drilled in the province have increased over the past five years, with 38 per cent of the total gas wells being eligible under the program for 2015.

Production under the program for both gas and liquids indicates the amount of industry activity that the program is incenting and how that is changing over time. While there's been an increase in production from 2011 to 2015, the production from eligible wells under the program is expected to decline over the next few years

since no new wells are eligible after December 31, 2016, and existing wells are maturing, with declining production.

Total metres drilled under the program as a proportion of total metres drilled in the province measures the industry's interest in drilling program eligible wells as compared to drilling noneligible wells. This measure is reported as a percentage and has two components: total measured depths for natural gas deep-drilling program gas wells and total measured depths for all new gas wells in the province.

There are more. There is the emerging resources and technologies initiative, which measures the number of oil and gas wells under the program. Measuring the number of new oil and gas wells under the program over time demonstrates the level of change in the exploration and development activity that may be occurring partially as a result of the program. It's an indication of the amount of new industry activity the ER and T is promoting each year. Production under the program is measured for each of the four rates and has been correlated with some level of production from the corresponding resource or technology with the exception of the coal-bed methane new well royalty rate.

2:20

Increased production from the target resources and technologies indicates that the program is making progress in incenting increased exploration and production from these resources. While there has been an increase in production from 2011 to '15, the production from eligible wells under the program is also expected to decline over the next few years since no new wells are eligible after December 31, 2016.

The enhanced oil recovery program. The number of new and approved schemes gives the department an idea of the amount of interest there is in enhanced oil recovery activities in Alberta as well as the number of schemes that qualify for the adjustment. Total and incremental Crown production demonstrates that the program is incenting an increased level of activity that is leading to increased production and incremental royalty revenue for the Crown. Total and incremental royalty volumes from enhanced oil recovery over time demonstrate that the program is incenting an appropriate level of activity that is leading to incremental royalty revenue for the Crown.

The incremental ethane extraction program. The production performance metric for this program has stayed the same since its announcement in September 2006, when it was issued, and that is for production of 60,000 to 85,000 additional barrels of ethane per day for consumption by the petrochemical sector over the next five years. This metric is being used internally. However, there are confidentiality issues with reporting incremental ethane barrels when only three petrochemical companies are involved.

Mr. Carson: Thank you very much. Thank you, Chair.

Just one more question here. Moving on to a different topic, the Auditor General in the same report also had recommended assessing IT systems security for oil and gas. Specifically, the Department of Energy and the Alberta Energy Regulator were told to work together to determine whether a further IT threat assessment would benefit Alberta. What progress have you made on these recommendations?

Ms Volk: This recommendation has been assessed as implemented by the OAG. In response to the recommendation, the Department of Energy and the AER collaborated to evaluate whether a further assessment of threats, risks, and impacts to ICS used in provincially regulated oil and gas infrastructure would benefit Alberta. In addition, the department and the AER conducted an internal risk assessment and determined that the level of risk to provincially regulated industrial control systems in the oil and gas sector is acceptable. The Department of Justice and Solicitor General continues to monitor and inform participants, industry, and regulators of critical infrastructure threats, risks, and impacts to ICS in Alberta. The AER, after confirmation of the OAG's acceptance and endorsement of the ICS risk assessment, will be accountable to determine if there is a need for a further review of ongoing ICS risks and on what schedule, based on the threat and risk evaluation by the Department of Justice and Solicitor General.

Mr. Carson: Thank you, Chair.

The Chair: Ms Luff.

Ms Luff: Yeah. Following up on Mr. Carson's question, I have some questions about outstanding recommendations, the first one being from October 2016, recommendation 16, which was on improving controls over access to business systems. In your status report it says that you've finished mapping two computer systems, which have excellent names, if I do say so myself, OASIS and CARS. I'm just wondering if you could tell me a little bit about the tangible changes that we'll see based on the review of these systems.

Ms Volk: Thank you for the question. In general the mapping is the formalization of business practices that were already in use by the department. The formal documentation allows new staff, who aren't as familiar with the process and/or the rationale behind the process, to become familiar with those processes, and the completion of such documentation also provided an opportunity for the department to affirm that best practices, in fact, have been followed.

Ms Luff: Great. Thank you.

Then I just have a couple of questions about the March 2015 AG report, about AER and the outstanding recommendations in place there. My understanding is that recommendation 4 from the March 2015 report has been fully implemented, and I really think it can't be understated how important it is that proper risk management practices are in use for pipelines in Alberta. I know this is something that I have been concerned about over the course of my life, and I think it's really important, especially when we're trying to get new pipelines built, that Albertans have every assurance that our pipeline safety systems are, you know, as airtight as possible.

I did note in the report that it said that you found irregularities when you were doing sort of proactive risk assessments as opposed to reactive. When you reacted to someone raising an alarm, it was less likely that you were to find a problem than when you went out and were doing the proactive risk assessments. I'm just wondering if you can speak to how you're using your risk management activities to inform your resource allocation decisions on pipeline oversight activities.

Ms Volk: Sure. The Alberta Energy Regulator has prepared an operational surveillance plan for the AER-regulated pipelines. The plan connected the enterprise risks identified in the risk registry with industry performance and describes the activities at an operational level required to reduce risk. In addition, a risk registry, containing a compilation of risks identified for the pipeline sector, is used to associate risk with activities. The AER is committed to regularly reporting on industry performance in an effort to provide more transparency to the public about energy development activities, hold operators more accountable for their actions, and drive industry to improve their performance.

The AER uses pipeline performance information to examine how each operator is performing compared to their peers. Those operators that have had more incidents will, as you've suggested, get more attention from the AER. The AER will conduct more frequent inspections and audits on these operators and will provide more education on existing regulatory requirements to support better regulatory outcomes and stronger industry performance.

The AER ensures that the design, construction, operation, and maintenance, including discontinuation and abandonment of regulated pipelines, comply with all requirements. The AER regularly inspects pipelines to ensure companies comply with all requirements, and pipelines with greater potential risks are given a higher inspection priority. If the AER identifies that a pipeline operation is causing or is at risk of causing unacceptable impacts, it can order an immediate suspension of the pipeline until the problems are corrected.

Ms Luff: Great. That's good to hear.

Just a really quick question about recommendation 5, which was recommending that the Alberta Energy Regulator complete a skills gap analysis and formalize a training program for its core pipeline staff. It says that you are working on an implementation plan for this particular area. One of the things that I did note when I was reading the report was that it noted that there was a lower percentage of staff that had received training on applying the CSA standard Z662, which was, like, the main pipeline standard. It says that you'll have a competency gap analysis by December 2017 and that you've developed various training courses. I'm just wondering if maybe you can tell me a little bit more about the process and what's happening with that particular recommendation.

Ms Volk: Sure. The AER's implementation plan targets key risk areas, identifies actions, and has a time frame for implementation. The AER competency library, including pipeline competencies, has been developed. The AER is building a priority training course road map for core pipeline staff that identifies which individuals need to take specific courses, and by December of this year a competency gap analysis and evidence of staff completing the priority courses will be completed.

Ms Luff: Thank you.

I'll pass my remaining time to Member Babcock.

Ms Babcock: Thanks. Thank you for coming this afternoon. On page 32 of your annual report you talk about how the modernized royalty framework came in on January 1 this year and how it creates harmonized royalty formulas for crude oil, liquids, and natural gas. You've also noted that the new system is more responsive to the economic realities facing the industry. Can you speak to what you're seeing in terms of drilling activity as a result of the new framework?

Ms Volk: Sure. I'd be happy to. I'd just start with a caution that we have to be careful about assigning any specific improvement in drilling activity to the new royalty framework since many factors can contribute to that. We can do some modelling and make some assumptions, but we can't be a hundred per cent precise.

That said, according to a recent Alberta Energy Regulator report, AER report ST-59, released on July 25, Alberta's recorded wells drilled have increased significantly in the current year as compared with wells drilled recorded for the past year. Alberta operators drilled 1,893 development wells and 133 exploration wells, for a total of 2,036, during the first five months in 2017 as compared with 845 and 59 wells, respectively, for a total of 904, for the same five-month period in 2016. The January to May total in calendar year 2017 represents a 125 per cent increase in activity. I should note that monthly drilling data is subject to industry-submitted amendments to AER, but that's what the data is at the moment.

2:30

According to the Canadian Association of Oilwell Drilling Contractors' weekly reports released in July 2017, the number of active rigs also increased during the January to May period, averaging 136 rigs drilling over the 22 weeks from January to May versus the weekly average of 67 rigs drilled for the same 22-week period in 2016. That represents a 103 per cent increase year to year from the 2016 level. In an updated August 2017 forecast, the Petroleum Services Association of Canada revised upwards its estimate of 2017 wells drilled to 3,604 for Alberta, which is 810 more than the next highest ranked province, Saskatchewan.

Ms Babcock: Thank you.

Have you received any feedback from industry on what they think of the framework? I know that they were asking to be able to come in under that framework before January of this year. You know, I'd just like to see, now that they're actually using it, what kind of feedback we're getting from them.

Ms Volk: Yeah. Generally the feedback has been fairly positive. They would say that they would see it as competitive and achieving the principles outlined in the panel's report. A CAPP news release specifically stated: "The new system harmonizes and simplifies royalty programs for all products and drilling depths, removing distortions from the old system." Pretty positive.

Ms Babcock: Thank you.

I will pass it down to MLA Littlewood now.

Mrs. Littlewood: Of course, this spring there was work done on the orphan wells and liability management by the department and by the minister, so would you be able to talk about what you have in your annual report in regard to inactive wells and abandoned wells? I know that the figures are quite high, which is part of the reason why the work was done on behalf of the Orphan Well Association. Would you be able to elaborate a bit on what is being done currently and what status we're at right now with addressing the backlog?

Ms Volk: Certainly. The government of Alberta is currently reviewing the management of its historic, current, and future liabilities associated with oil and gas wells and facilities. This review is expected to be complete by the end of 2017. Alberta Energy, Alberta Environment and Parks, and the Alberta Energy Regulator are actively looking for ways to make sure we're addressing the full life cycle management of energy development and reducing the number of inactive wells and facilities. Our primary goal is to ensure that Albertans are protected from the financial, environmental, health, and safety risks associated with energy development while maintaining Alberta's standing as a competitive place to invest.

The province will finance the Orphan Well Association loan program by using the $30 million provided in the recent federal budget to backstop a loan much larger and at more favourable rates than the OWA could access on its own. It's estimated that this loan would lead to up to 1,650 new jobs in reclamation work over the next three years, reducing the liability facing the OWA by approximately one-third. The loan will be repaid to Alberta over a 10-year period through the existing orphan fund levy paid by industry and managed on the OWA's behalf by the Alberta Energy Regulator. The Redwater court decision, which is related to a company in

receivership that was disclaiming its assets, as well as increasing insolvencies and bankruptcies in the oil and gas sector brought additional considerations to this liability review work and additional work and analysis to be done.

Mrs. Littlewood: Okay. That's great.

Just a follow-up on that. Mark Salkeld from the Petroleum Services Association of Canada was talking about that this has been an opportunity to address a problem while also employing Albertans in the sector, so I was wondering if you could share with us how many people are being put back to work as a result of doing this and how this could contribute to keeping skilled professionals within the province.

Ms Volk: Right. So our estimates are for 1,650 new jobs over the next three years that would be involved in the reclamation activities that would be funded through this program. Certainly, that will maintain the expertise, put the expertise that's here to use. So we will be able to use our skilled workers here in the province for very valuable work.

Mrs. Littlewood: Okay. Thanks.

How many minutes do I have left, Chair?

The Chair: Two minutes, 20 seconds.

Mrs. Littlewood: Okay. Thanks.

Obviously, this is part of a longer term problem, something that was not addressed through legislation prior to this latest downturn. Being that this was not something that was foreseen, to have such a long and sustained drop in oil prices and the issues that it's incurring within the province now, what are you going to be doing to address these liabilities? You know, when I talk to a lot of farmers that have these assets on their fields, they're concerned about what this means for them and what this means for the future, so what work are you doing to address that?

Ms Volk: The department has undertaken a liability management review. We've been out actively consulting with stakeholders, indigenous communities, industry, NGOs about the issues facing the growing liabilities and looking at mechanisms to deal with that in the future. That work is under way. The review is under way. There have been extensive consultations that will form the basis of some advice to government in the fall. Sometime over the fall I would think that the government will turn its mind to a decision as we get some of the results from the consultation and are able to inform a policy discussion on that.

The central principle continues to be polluter pay, so it's a question of how we can structure this. You know, on what basis will industry pay out rates . . .

Mrs. Littlewood: So are you saying that there's more of an issue with legislated responsibility or an issue with money?

Ms Volk: I think the issue at the moment is probably more with money because the volumes have increased so much and at a time when the rest of industry is already feeling a pinch, but the review will determine whether there are other things . . .

Mrs. Littlewood: I know that what I hear from people that have these assets out on their fields is that they want to make sure the province is staying to a polluter-pay principle. I just want to hear your thoughts on that.

Ms Volk: Yes.

The Chair: Thank you. You can follow that up with your next set of questions.

Okay. Mr. Barnes.

Mr. Barnes: Thank you, Mr. Chair. Thank you, all, for being here today, and thank you for your work. The number one thing I hear about why investment is not coming to Alberta is the regulatory burden and the time delays. That's where I want to start my questions.

In your annual report on page 40 your key strategy 2.3 is to "enhance regulation and oversight to ensure the safe, efficient, effective, credible and environmentally responsible development of Alberta's energy resources." I have heard from many, many constituents, energy workers, and energy investors that getting regulatory approval for a new energy project takes significantly longer in Alberta compared to other jurisdictions. I hear time and time again that something that takes two weeks in Saskatchewan takes over four months in Alberta. How does this process advance efficient and effective development and jobs for Albertans?

Ms Volk: Thanks for the question. That's a great question and a really, really important question to industry and to the department. We've been working with industry for the last number of months to have them help identify for us what are the very specific situations where this is happening in order for us to assess, you know, to really do a proper benchmarking to see what it is that takes two weeks in Saskatchewan that takes many months here, what that process is so that we can then identify what parts of the process are not working if that's the case. I don't yet have a lot of specifics that allow us to tackle that, but we are working very, very hard with industry to get those specifics so that we can make some recommendations about process improvements.

I may just add one piece to this, about some of the concern around regulatory process: it's not always provincial regulatory process. What we're getting from a lot of them when we are talking to industry about what their issues are and, you know, can they show us where it is faster in Saskatchewan than here in Alberta tends to be: actually, well, it's faster in Texas than it is here. In some cases there are national processes, federal processes, that may be slower than the provincial process. It takes a bit of work with the companies to really tease out: what is exactly the process that you're talking about? Is it something of provincial jurisdiction, and then if it is, what can we do about it? But we are working very closely with industry to try to identify what those issues are so that we can find ways to fix the process and speed things along.

2:40

Mr. Barnes: Okay. Thank you. That sounds like a good step.

Of course, the Fraser Institute had a report out a short time ago showing how we had slipped to 43rd in the world in terms of favourable jurisdictions to invest because of regulation. I have a copy of it here. Saskatchewan is number six on that report. I'm a little surprised to hear that after all the years in the oil and gas business in Alberta that is something we weren't consistently monitoring, especially when I'm hearing, whether it's in Lloydminster, Medicine Hat, or Calgary, that this is the main reason that they end up going to investment in Kindersley or Estevan or those kinds of areas instead. Have you reached out to other independent groups like the Fraser group, like CAPP, like somebody else that may be able to help us understand that, yes, we need to protect the environment but that we need to be competitive as well?

Ms Volk: Yeah. In fact, it's a great question. Our first outreach was to CAPP and to the other agencies to see what they could help us with. We did conduct a review with a variety of agencies, about 10,

I think, of the agencies, in the fall and asked them to please help us to identify what some of the things were that we could do to help them to, we used the expression, "clear the underbrush." "You know, what are these irritants that we could get at that we could help you fix? Just help us to identify them."

They were able to identify a number of them for us. If we had said that we would be able to fix a couple – in fact, we selected five that we could work with them on. We've identified some that would be sort of quick hits where we can go in and remove some regulatory duplication, overlap, redundancy, or just things that take too long, and we've been able to go in and help them out with some of that. That particular exercise was received quite favourably by industry, but that was focused on, I would say, underbrush.

We still heard that there were companies that would, you know, cite, like you say: this takes me two weeks in Saskatchewan; how come it takes me longer here? So our outreach first was to CAPP, then, to say: "Okay. CAPP, help us understand this. What are the processes?" CAPP did provide us a report, but it didn't have enough granularity in it, so we are now trying work with CAPP and directly with industry members to get the more granularity that we need to be able to identify more specifically what about the process it is, and is it something in our jurisdiction, and can we fix it? Because we are definitely ready to make some improvements.

Mr. Barnes: Okay. Thank you. It sounds good. It sounds like you're on it.

I guess my next concern would be, though: do you have matrices and information you're looking for in particular, and do you have a time frame where you can pull this information together so we can actually discover how big a problem this is and do something about it?

Ms Volk: I can. We were hoping to have it by now, but it's been hard to tease it out of industry because I think they, you know, will have an anecdote or something, but when we encourage them to give us some more detail, they need to go back and find some detail. We're in the process of doing that right now. We have a plan sort of over the next couple of months to do some much more specific gathering of this kind of data. As long as the companies can give us that data, we will be getting on it right away. The holdback isn't on our side. I've got folks ready to go. I've got resources dedicated, ready to do this as soon as they can give us the information that we need. We just need something a little more specific so that we know exactly what process they're talking about so we know exactly what process we need to fix.

Mr. Barnes: So, hopefully, in three to six months we know where we stand.

Ms Volk: I hope so.

Mr. Barnes: On page 44 the report discusses the implementation of the integrated decision approach. Is that sort of what you're alluding to for this process? What effectiveness will this approach be in reducing this regulatory burden?

Ms Volk: Sorry. I'm just familiarizing myself. This is an AER piece, I believe, so the Alberta Energy Regulator has piloted this. This is a new, integrated approach to regulation that's being piloted by AER, and it's based on the idea of one application, one review, and one decision. This approach to energy regulation will allow Albertans to see the whole picture of a proposed energy project. It'll be easier to find the project information and understand how a project may affect the environment and the people nearby. Two pilots have been completed, and a third is in process. Full implementation has commenced, with projects for integrated pipeline licensing, water licensing, and integrated inspections and audits currently under way. So it's not unrelated to the work that we're doing in the department. It would complement the work that we're doing in the department.

Mr. Barnes: Okay. Thank you for that answer.

I want to switch gears to electricity and renewables, and I'm starting on page 50 of the annual report. Changes to Alberta's electricity generation system resulting from the climate leadership plan are discussed there. Has the Department of Energy evaluated the level of government spending and subsidies that will be required to achieve the 30 per cent renewable electricity target by 2030?

Ms Volk: Yes. It is subject to the assumptions that one makes about electricity prices, which, as you can imagine, have been fairly volatile lately. They're difficult to predict. Although we think that in a capacity market they'll be less volatile, there is still some uncertainty as to what those figures will be.

The first round of the renewable electricity program, the first auction of that, is just in process now. Once that process is finalized and the first set of contracts are awarded, we'll have a better idea of what specifically those costs will be at least for the first round and some better sense of what they'll be going forward.

Mr. Barnes: Okay. How high do you think the price of electricity generation would have to go to make renewables market competitive?

Ms Volk: Oh, that's a good question. I think that in absence of the first round of results it would be just pure speculation on my part, so I'd rather not do that if you'll permit me. But I think that once we have the first round in, we'll have a better – I mean, we'll know then what the strike price is for those contracts, and we'll know that if electricity prices get to that point, then they're commercial, essentially, on their own, without subsidy.

Mr. Barnes: And that's 400 megawatts, and it's this fall? Is that the one?

Ms Volk: That's the plan, 400 megawatts this fall.

Mr. Barnes: Okay. Thank you.

If the price of electricity rises above the government-mandated price cap, which was discussed on page 54 of your annual report, who pays the difference and how much are they going to end up paying?

Ms Volk: If the price of electricity rises above the price cap of 6.8 cents on the RRO, if that were to happen, the government would pay the difference. There are some technicalities here, so if it's a retailer, an RRO provider, that is regulated by the AUC, the government pays something. In particular, if it's an REA or a local municipality that doesn't have the same kind of regulation, the government has a slightly different construct under which it would pay. But, yes, if in the event that there is a payment that the RRO goes above the 6.8 cent price cap, the government would pay the difference on that.

Mr. Barnes: I heard some time ago that for every cent it goes over, it could cost the taxpayers of Alberta $10 million a week. Is that accurate?

Ms Volk: That's an estimate – sorry; not a week, no. The $10 million, but not a week; it's a month. That's right.

Mr. Barnes: Okay. Thank you.

Is your department concerned that setting the price cap will just encourage electricity prices to rise to the cap?

Ms Volk: I don't think it should because they're different markets and, actually, the biggest important feature here is that the regulated rate option is a regulated rate, so the retailers that are providing that rate are required to respect principles in the way they establish the rate and the AUC oversees how they set their rate. So they wouldn't be able to take it right up, and in fact the benefit isn't to them; it's to their consumers. So I don't think the incentives are aligned. We certainly thought about that, but I don't think the incentives are aligned to encourage that.

David, did you want to say anything more about that?

Mr. James: No. I think you get it.

Mr. Barnes: Okay. Three or four years ago, of course, the big concern was how much the cost of transmission and the guaranteed providers of these transmission lines were guaranteed in rate of return. Are Alberta ratepayers or Alberta taxpayers going to be getting some more transmission charges in their coming electricity bills?

Ms Volk: I think I'll let David answer that.

Mr. James: Sure. The Alberta Electric System Operator publishes a long-term outlook. Their long-term outlook right now is describing about $2.5 billion worth of additional regional reinforcements for projects like the Trans Mountain pipeline, KXL, and regional projects that essentially reinforce that transmission grid for whatever load or generators in that region. That's in the next sort of, I'd say, three years or so.

2:50

The five years after that they're looking at another sort of 2 and a half billion dollars to $3 billion, so somewhere in the order of $5 billion to $6 billion over the next 10 years is what the AESO is forecasting in those regional projects. That was their last long-term outlook. They're updating their long-term outlook based on the current market situation, current economics, what projects are in the works, what projects have dropped off. They constantly do this every 18 to 24 months.

Our expectation is that with the downturn in some of the projects that were out there in the economy, some of that transmission may have slipped to the right, and the AESO will adjust that project over time. Those projects would eventually come onto the electricity bills once they've gone through the regulated process, they've been built, constructed, and then approved by the regulator, the Alberta Utilities Commission, who vets and approves all of those with public oversight.

Mr. Barnes: Okay. Thank you for that answer.

Page 51 of your annual report notes that Alberta is experiencing "historically low electricity prices," of course, much lower than the 6.8-cent cap. How soon would that be expected to change if the government was not intent on shutting down coal-fired power plants early? Could the Alberta ratepayer enjoy historically low electricity prices for many years into the future?

Ms Volk: That's a really good question and a tough question to answer because a couple of things would happen. I think what you're getting at is that if we weren't getting off coal, which is a cost-effective source of power – and we have an abundance of generation at the moment – we wouldn't be decreasing the supply, and therefore our prices should stay low. That's part of it, but the other part of it that would offset that is that we would probably not be getting new investment into plants, which we would need as some plants reach the end of their lives. So we could get to the point where we'd have more scarcity of power in certain periods, which increases that sort of intermittent price volatility, and that could cause an increase, sort of temporary spikes here and there.

So it's hard to say for sure. Again, it would be a little bit of speculation on our part if we were to answer that, but I think there would be a little bit of opposing – a couple of offsetting factors in the way, not completely offsetting but, I mean, things you . . .

Mr. Barnes: So before we decided to pay out the PPAs and shut down coal, we didn't study that? We didn't look at exactly what we'd be facing and when?

Ms Volk: Certainly, there was analysis done on that. Sorry. I'm just struck by that we decided to pay out the PPAs so that – like, the PPAs were something that industry chose to turn back as opposed to us deciding. But, certainly, there was analysis done on that.

I don't know. David, did you want to comment on anything?

Mr. James: Yeah, I would. Again, in addition to its long-term outlook the AESO has sort of a forecast of what prices would have been, and they've been doing this every year for multiple years. They do quarterly updates on that. They had forecasted that even in the early 2020s as a variety of these – the power purchase arrangements were due to expire at the end of 2020. The assets right now that are in the marketplace that were being offered by at the time the buyers and now the Balancing Pool as those have been turned back to the Balancing Pool: the expectation even before any of the other decisions that came more recently from this government was that in the 2021-2022 period, as the power purchase arrangements were stopped and the original owners of those plants received the plants back, there would be volatile prices because now those owners would have had the opportunity to compete those assets in the marketplace.

So the AESO was looking at that, and prices were, to go back – historic average prices have been about $66 a megawatt hour over the last 10 to 15 years in the province. Prices in that period of time would have been in that range. There was an expectation that they would be volatile, that you would have some of these plants coming off and you would get some new gas plants built that would have competed with them, but there were other criteria on those plants that would have cost them money and would have had those companies making economic decisions.

For example, there's a requirement for criteria air contaminant abatement technology that would have had to have been put on all these coal-fired plants starting in 2021, 2022, and then beyond that as some of the newer plants aged. Those costs would have had to have been built into their profits. They would have had to build them into their estimates in the markets, and those would have affected market prices in the future.

So to suggest that we would have lower prices in the future or that we would be able to stay at historic prices without these other policies: I don't know that the forecasts even before these policies came in would, you know, see that or share that same particular – you probably would have seen historic averages were better based on these other financial factors of abatement technologies to come into play.

Mr. Barnes: Okay. Thank you.

I want to go back again to the capacity market. Your annual report discusses the transition to a capacity market but doesn't offer very many details on what the transition could mean for electricity

prices. How is the capacity market expected to affect electricity prices? I'm wondering about how much overcapacity the Alberta ratepayer is going to be paying for.

Ms Volk: In and of itself, academically speaking, a capacity market shouldn't increase prices because what a capacity market does is take the price that is being paid for relative to an energy-only market. We have an energy-only market now. There is a price for electricity. What a capacity market does is split that price into two pieces so part of the price is based on your ability to produce power on demand, kind of a standby fee or an insurance. You're getting a payment for the ability to produce capacity when they need it, and the rest of the price is for the energy as you produce it. In theory you're paying the same price for energy; you're just paying it in two different pieces. That's the theory. So we shouldn't see, academically speaking – I'm saying this because there are other factors that are going on in the market, and it's hard to attribute price increases to just one factor or another. The capacity market in and of itself should not be a factor that would increase prices on its own.

There aren't a lot of details yet in terms of what it means because those details are going to be worked out. We're entering into an extensive period of consultation with industry. It's a complicated, complex transition from an energy-only market to a capacity market, with a lot of details to work through, so there is a lot of consultation going on. The AESO is already busy in consultations. The department will have some additional consultations on other elements this fall. Those details will get worked through in the next months, and you will see, certainly, more as we get through those.

Mr. Barnes: When does the Alberta government expect to make the change from a bid in process to a capacity market? Like, when is the date of the change going to be?

Ms Volk: I'm trying to remember what was in the release.

Mr. James: Yeah. By June of 2021 the expectation would be that we would be in that, or mid-2021.

Mr. Barnes: Thank you. Thank you both.

The Chair: Thank you for that, Mr. Barnes.

Mrs. Littlewood.

Mrs. Littlewood: Okay. I just wanted to follow up on a last question there. Just talking about the polluter-pay principle and making sure that the responsibility rests with those that create it and with the plan to make sure that the public is not saddled with the liability, how are you making sure that Albertans are not on the hook for the loan that is being taken out to manage the Orphan Well Association cleanup?

Ms Volk: It's a great question. The direction we have that we're working with is that the polluter-pay principle is here to stay. That's an important fundamental principle of this, so the work that we're doing through the liability management review is in respect of that principle.

[Mr. Dach in the chair]

Specifically on the OWA loan the purpose is to have the loan using the federal money that came in as a backstop for the loan but not to change who pays for the loan. The repayment of the loan would still be the responsibility of the OWA, and the OWA would still be getting its money through levies administered by the AER, I believe, but levies from industry. So it would still be industry paying into the OWA, and that is how the payments would be retired.

Mrs. Littlewood: Good. Thank you.

I will turn it over to Dr. Turner, please.

Dr. Turner: Thank you, and thank you very much to the ministry. I've actually really been enjoying this discussion and particularly the discussion about the capacity market and how it works. I think there is a lot of misinformation out there about how the capacity market works, and your explanation today was very helpful.

I'm very interested in the electricity cap and other things, but before I get on to that question, I just want to make a comment. About a week ago I was at the new Simons store in Londonderry Mall. That store is privately owned by a company that's investing millions of dollars in Alberta, and one of the reasons it's investing in Alberta is that we have programs that stimulate the use of alternate energy. The store in Londonderry Mall is actually covered with solar panels, and in addition part of its parking lot has two canopies about 40 metres long that two rows of cars can park under. They actually have bidirectional solar PV on the canopy, a fantastic thing. Peter Simons, who is the CEO of that company, was really very congratulatory for our government's approach to promoting alternate energy sources, and I think we're going to see a lot more of that.

3:00

Anyways, back to the electricity rate cap. I'm talking about the RRO rate cap, and I think it's important to recognize that we're talking about RRO, which is only a portion of the total electricity market in this province. I'm the MLA for Edmonton-Whitemud, and I can tell you that particularly two years ago, when I first took on this role, probably the most common complaint, in quotes, that I got in my constituency office was about electricity rates. You know, constituents were coming to me with concerns about the rates, and they were worried about them going up in a very volatile manner because that had been the experience under previous regimes here in this province. In my opinion, that was because we had a volatile deregulated system that, basically, allowed that. I think it's important that our government is protecting families, farms, and small businesses with this ceiling on electricity prices, and as has been said, that's, I think, on page 54 of your report. I wonder if you could elaborate some more on how that price ceiling is protecting Albertans.

Ms Volk: Certainly. I'd be happy to. First of all, you made a very good point about the limited impact of the RRO. It doesn't apply to all consumers. It's a limited part of our total consumer portfolio. Something very unique about Alberta is that about 80 per cent of our electricity demand is industrial, not, like, a retail consumer. So our retail market is around 20 per cent of the total market, and then the RRO is only a portion of that. Not every one of us is registered in the RRO. Some of us have different kinds of contracts for our retail rates, so it is a limited portion. Within that portion the way it works is that if electricity rates were to go above 6.8 cents, the consumer would be protected from that increase and the government would be providing the top-up payment to make sure that the consumer doesn't pay more than 6.8 cents.

This wasn't implemented because the government expects rates to go above 6.8 cents. This was implemented more as an assurance, as a comfort, I think, to individual consumers that they needn't worry, and it was, you know, to provide a little bit of comfort at a time when the electricity industry is going to be in transition, moving from an energy-only market into a capacity market. It does create some uncertainty, so to the extent that individuals would be

worried about how that might impact their own personal monthly bills for electricity, this was intended as a way to provide some comfort. It wasn't implemented as something that we expect to hit, the 6.8 cents. It was just something to provide some comfort. We shouldn't need to get there, but if we did, you wouldn't as an individual consumer, if you were in the RRO, need to worry about that.

Historically the volatility in these rates has been significant. Not always. You know, it's not every month that it bounces back and forth, but there have been some real increases, some swings, one month with an increase of 65 per cent and another single month that it fell by as much as 42 per cent in just one month. Individual consumers were impacted by month-to-month volatility in the past, and the RRO is meant for consumers who don't want to face that kind of volatility. They will have the protection from that. Again, it's not as a signal that we expect the capacity market to introduce that kind of volatility but to provide them some assurance that as we're going through the transition, they needn't worry about that.

As you mentioned, the RRO price ceiling is available to a subset, not to every consumer in the province. It includes all consumers – residential, farm, irrigation, and small commercial consumers – anyone using less than 250,000 kilowatt hours of electricity per year. Just by comparison, the average Alberta household consumes approximately 7,200 kilowatt hours per year. So that gives you a sense of who will be protected by that regulation.

Dr. Turner: Thank you. And just a short supplemental. This has been in place, I believe, since the beginning of the year.

Ms Volk: June 1.

Dr. Turner: Since June 1?

Ms Volk: Yeah.

Dr. Turner: So I guess my question may not be answerable, but I was just wondering. Over the three months' experience you've had, has there been a lot of fluctuation in the price of electricity?

Ms Volk: No, but I'll let David answer.

Mr. James: No. The RRO rates have been sitting at around 3 cents. They're about 3.3 cents on average this month. They'd been down as low as just below 3 cents. They've been sitting there for a while.

Dr. Turner: All right. Thank you very much.

I'll pass to the MLA for Fort Saskatchewan-Vegreville.

Mrs. Littlewood: Thank you, Dr. Turner, and thank you, Chair. Just as a supplemental to that, I want to thank you for the work that you've done on this to take care of price spikes and volatilities. I know that my family went through that back, you know, 15 years ago. Our power prices tripled, and that wasn't something that our family could weather very well at the time. So it's quite important. Thank you.

In your annual report you talk extensively about the work on the Sturgeon refinery. I was just wondering if you could provide our committee with an update on phase 1, please.

Ms Volk: Sure. Phase 1 of the $9.4 billion refinery, or as Mike gave us more precise details for from the MD and A, $9.4 billion plus 1 to 2 per cent. Phase 1 of the refinery, including engineering, procurement, modules, and construction, was approximately 98 per cent complete as of the end of June 2017. Completing construction, commissioning, and start-up are the remaining key activities. The refinery operations should begin in the fourth quarter of 2017. Full commercial operation is targeted for April 1, 2018. The refinery will capture two-thirds of its 5,000 tonnes per day of carbon dioxide emissions. The Alberta Petroleum Marketing Commission, or the APMC, is responsible, as Mike mentioned earlier, for 75 per cent of the feedstock for the refinery. The APMC has also committed to a 30-year take-or-pay processing contract for the liquids that go through the facility.

Mrs. Littlewood: Okay. Thank you. That's it.

Ms Volk: Did you want to add anything?

Mr. Ekelund: Yes. I think there have been a number of things that have happened here in the last while. I just wanted to provide an update on that. I think there were around 5,100 workers on site in July, and that is trending down as we get closer to completion. A number of the units have now reached mechanical completion, including the tank farm, crude and vacuum units, flare units, steam, and condensate. I think there was an article just recently saying that you actually see steam coming out of the facility. So they're starting to go live in some of those areas. Electricity and natural gas are in place. The cooling water, all of those systems are basically up and circulating. Tests are going on. A number of units have that material circulating.

There is now diesel on site to start circulating through the light and the crude unit, essentially. You start with circulating the materials before you actually get the thing running. Eighty per cent of the precommissioning checks for the light oil portion of the refinery have been completed. So it's certainly moving towards completion and starting to look like an actual operating refinery now. They do expect that the light oil portion will start up first, taking in synthetic crude oil and putting that into diesel. That will primarily help to ensure that you've got a phased-in start-up, that you've got that part working as you bring in the more challenging heavy oil units. Then one of the oil units is going to be the last one on the critical path. One of the really heavy ones will be on that critical path, and that'll be started up, getting the whole refinery up, in the second quarter of 2018.

3:10

Mrs. Littlewood: Okay. Thank you very much.

Also, on page 35 of your annual report you talk about the petrochemicals diversification program. There are two projects that were successful last year, one of them being Pembina and the other one being Inter Pipeline Ltd. Would you be able to provide us with some updates on these projects?

Ms Volk: Yes. The projects give us semiannual updates, so we do have an update from them starting just in August, though, so they will now be reporting every six months to the minister. Both projects are making progress. They're both moving towards a final investment decision, but neither one is at that stage yet of a final investment decision.

Mrs. Littlewood: Thank you.

I will ask to cede the floor to Dr. Turner.

The Chair: Dr. Turner, please.

Dr. Turner: Thank you. I'm going to ask about Enbridge line 3. Actually, I think as we sit here, Enbridge has started work on the rehabilitation of line 3. How does this project as well as the Trans Mountain project fit into plans for the diversification of our economy?

Ms Volk: A good question. They're both really important components to the diversification of our energy. The energy infrastructure

and getting our resources to tidewater continues to be a priority for the government. At the same time, we know the value of pipelines comes not only from receiving best prices for our resource but also from diversification of our markets. For Alberta, like any business owner, the more customers you have for your product, the better. Expanded access to global markets through all proposed pipelines offers optionality, the ability to react quickly to market conditions, moving crew and supplies to higher priced markets as supply and demand conditions change around the world. Market diversification is essential to ensuring Albertans capture appropriate value from their natural resources. Replacing the existing line 3 with the newest and most advanced pipeline technology will provide much-needed additional capacity to support Canadian crude oil production and U.S. and Canadian refinery demand. So line 3 is a really important capacity instrument for the province.

In the case of Trans Mountain this pipeline will help really get our energy products to a new market. It's a very important diversification point for the province because this will allow us to reach the Asia Pacific region, a growing and dynamic market with a lot of great trade potential.

Dr. Turner: The Enbridge line 3 is, I think, 50 or 60 years old. When we're talking about pipeline safety, that age actually becomes, I guess, a source of concern. Does the Enbridge project have – obviously the answer is going to be yes to this question, but what are the benefits in terms of safety in our pipeline system with this rehabilitation?

Ms Volk: Yeah. I mean, I think that's a really important advantage to getting that project completed. It will improve the infrastructure and therefore improve the safety of an existing line. It's important to make those upgrades in the interests of health and safety along the pipeline. A very important capacity.

Dr. Turner: Thank you.

I'll turn it over to my colleague MLA Renaud.

Ms Renaud: We know that there is a significant amount of money or credits being allocated to the petroleum diversification program, $500 million. Can you comment or just clarify for us how the credits will be paid out and a timeline and any measures you've developed to determine the impact on this industry through this funding?

Ms Volk: I can, but I'm wondering: Mike, would you like to speak to that?

Mr. Ekelund: Okay. Thank you very much. Off the top of my head the key thing, I think, in the way that the credits are paid out is that they're based on the amount of production that goes ahead from the facilities. That's addressed some risks. In some cases you have programs where you provide an initial capital for projects, and that can be an appropriate way of dealing with a project, particularly when it is the capital piece that affects your revenues.

However, in this case the approach of having that money paid out with the production – and there's some similarity of that with the carbon capture and storage facilities, that have some for capital and then some for the production as well. It reduces some of that risk that the capital money could be spent and then you may not have production going ahead. You know, it's generally low risk, but it's one that's being addressed through this program through the credits. There are a number of other different approaches that can be used, but the decision in this one was that that was the best approach using our royalty credits.

Ms Renaud: I guess if you could maybe expand on that, on the measures that are being developed now, developed in the future to determine the impact on the industry. Are there sort of performance measures or indicators that, say, a committee like this could come back to and look at down the line?

Mr. Ekelund: Are you talking about the Energy Diversification Advisory Committee and some of the measures that would be around that?

Ms Renaud: Yeah. For sure.

Mr. Ekelund: Okay. Well, the Energy Diversification Advisory Committee, for those of us who are not aware, is a committee that was struck to take a look at what kind of future Alberta might have with respect to diversification, what kinds of projects might be available, what kinds of strategies government could take. Now, they have not brought in their results yet. That's expected during this year. They have had an extensive discussion with stakeholders with regard to this, a number of working groups. I think they've had about 40 different organizations involved in that.

They've also met with a couple dozen other potential proponents, and they will be looking at, you know, what the business case is for additional value-added construction in the province but also what kind of measures there should be, looking both at what government has gained in terms of – and these are all potential things because they have not got their report out. Just going from my understanding and background in this area, when you put a program in place, the key thing is often understanding how Albertans are better off. What are the kinds of measures that could be used for that? If you look at something like the petrochemical development program, you're interested in: is there additional tax that is paid by the company? If it's a royalty . . . [A timer sounded]

The Chair: Please finish your thought.

Mr. Ekelund: If it's a royalty program, you clearly look at: will there be additional royalties above what you are reducing the royalty program for? You want to look at what the GDP impacts are as well as the amount of labour that's involved. Are there incremental jobs? That's a measure that when you've got very high levels of employment, you may not assess very heavily, but when you've got a high level of unemployment, that becomes a very important metric to look at. I think that the committee will have received advice on looking at a number of those as well as the impacts on the environmental aspects, which is going to be important in building new facilities. You know, we're going to have very high environmental standards, so I think there are some positive . . .

The Chair: Sorry. I meant for you to be brief. Thank you very much.

Mr. Ekelund: Oh. My apologies.

The Chair: I should have been more specific there.

Mr. Panda.

Mr. Panda: Thank you, Mr. Chair. How much time do I have?

The Chair: You have 10 minutes.

Mr. Panda: Oh. Then I'll be racing. If I interrupt you, I apologize in advance because I have so many questions to get out. Thanks for taking the time to come and talk to us.

I'm continuing the electricity and renewables and Balancing Pool line of questioning. Does the Department of Energy have a consolidated estimate of the cost of implementing the climate change plan, both to taxpayers and consumers?

Ms Volk: That's a difficult question for me to field because that kind of information would be in the other climate change office, not necessarily the Department of Energy.

Mr. Panda: There's some discussion on page 50. That's why I'm referring to that. But if you don't have that information now, you can send it to us later.

Ms Volk: Let me just quickly look at what we've said on page 50, and I'll see if I can say something about that.

Mr. Panda: Or I can go to the next one.

Ms Volk: Sure. Then we'll keep looking. Yeah.

Mr. Panda: Thank you.

Again, page 29. The Balancing Pool is showing an accumulated loss of $2 billion as of March 31, 2017. How much total money is the Balancing Pool expected to lose on a go-forward basis as a result of the government's actions on emissions pricing, carbon tax?

3:20

Ms Volk: I can tell you how much, in the Balancing Pool's financial statements, they were expected to lose as a result of inheriting the power purchase arrangement liability. But that wasn't your question, right?

Mr. Panda: Now, that will be my follow-up question. My current question is about the government's actions on carbon tax, emissions pricing.

Mr. James: Well, I would say that it really is dependent upon how much production is done and how long they retain those particular assets. So the Balancing Pool, as you're aware, has gone out and consulted with stakeholders on returning some of those assets. If they return those assets, then they're not going to retain costs associated with carbon costs. Then the carbon costs are also on a production basis. So if in fact the Balancing Pool operates those units more or less, then they would retain more or less. I'm not sure that I gave you an answer on that. The Balancing Pool would probably be best situated to respond with what their forecasts on carbon costs are.

Mr. Panda: Okay. So you don't have any estimate or forecast. Thank you.

How much money will the Balancing Pool expect to borrow to cover those losses, just an estimate?

Ms Volk: The loan amount is – sorry; did you want to field that?

Mr. Borland: I believe the expectation is up to $1.5 billion over the lifetime of the PPAs over the next four years.

Mr. Panda: Next four years?

Mr. Borland: Yeah.

Mr. Panda: Okay. Thank you.

Is there any plan to return the Balancing Pool to a net positive financial position, or will it continue to cost Albertans going forward?

Ms Volk: Well, the Balancing Pool's mandate is to operate neutral. I guess that's in the name, the Balancing Pool. They'll balance their income and their expenses. As they have inherited the costs associated with the unprofitable agreements, they will need to recoup that information from consumers, not from taxpayers, so it would be from consumers, to ultimately pay down the loan that way. So yes, they will return to a zero balance. They weren't intended to be, you know, set up as a profitable organization. It was more to be balanced, I believe, sort of neutral.

Probably important to point out that when the PPAs were first instituted, there was a significant revenue to the province, and that revenue has been paid out to consumers over time. I believe the amount of revenue over time was $4.7 billion. Yes, at the moment the Balancing Pool is facing in the tail end of these contract years an expense rather than a revenue, so they'll need to recoup that, but they'll recoup that over time and return to a balanced position.

Mr. Panda: Do you know by when?

Ms Volk: By when? It is by 20 – well, I shouldn't . . .

Mr. James: No, that's right. The regulation that's set up right now would allow for the repayment of any loans that would be incurred or any costs up to 2030, and that buffers the cost in any given year to consumers in order to protect them.

Mr. Panda: Thank you.

Page 28 mentions that between 2006 and 2016 the Balancing Pool actually distributed $2.6 billion to consumers. Without the money-losing PPA additions by the government would Albertans have seen a return from the Balancing Pool instead of a loss?

Ms Volk: As I mentioned, there was $4.7 billion initially. As the PPAs were initially set up, the government's revenue, or the Balancing Pool's, I guess, from that was $4.7 billion, which it was able to pay out to consumers over time. But I think your question is: if the Balancing Pool hadn't inherited the loss on the existing contracts, would it have . . .

Mr. Panda: No. Actually, the government distributed $2.6 billion to consumers before. If it hadn't done that, I mean, if we didn't have this PPA addition by the government, would Albertans have seen a return from the Balancing Pool instead of a loss?

Ms Volk: I think the question is – there was still a positive consumer allocation. There was still money being directed to consumers. The Balancing Pool was still paying out, so there was still a positive cash flow it was paying out before the PPAs were inherited. If the PPAs hadn't been inherited, would there have been positive consumer allocation is another way of asking your question, I think. Would they have continued to pay out in the remaining three years?

Mr. Panda: All right.

Mr. James: I think the answer would have been no, just based on where the electricity market had gone. If the market had gone and nobody had returned their PPAs and all the companies kept them, the Balancing Pool still would have been in a situation where they weren't making the revenues because the electricity prices were a third of the historic averages.

Mr. Panda: Okay. Thank you.

Is there anything preventing the Balancing Pool from terminating money-losing PPA contracts as described on page 29?

Ms Volk: That is a decision for the Balancing Pool's board as to whether and under what circumstances they would like to terminate. They have an obligation to consult with stakeholders before they make termination decisions. They have been doing those consultations and then would deliberate as to whether they will terminate them or not.

Mr. Panda: Has there been any suggestions or interference from the government with regard to terminating those PPA agreements?

Ms Volk: The government respects that it is the Balancing Pool's decision to terminate those PPAs or not.

Mr. Panda: Thank you.

Now I'm switching back to the market access and diversification. You mentioned about obtaining best price for our product. You said that if we have proper market access and we diversify our markets, we'll gain about $6 to $10 per barrel approximately. But on one hand, you're talking about Enbridge line 3, which is a replacement repair project, and it's again going back to the south, same as Keystone expansion. So that's not really diversifying the market. It's dumping additional export into our main competitor now. The real market access is either through Northern Gateway or Trans Mountain or Energy East. So if we talk about, you know, other projects, that's actually misleading. We are not actually diversifying our markets. Can you comment on that?

Ms Volk: Well, you're right. Line 3 is another route to the States. I would not characterize that as another route to our competitors because, in fact, it's a route to the refineries who are the users of our product, who will take our oil and refine it into gasoline, so that is important. But I would agree that that is a U.S.-bound route as opposed to Energy East or Trans Mountain or Northern Gateway. That would be diversifying to Asian sources.

But I'm going to ask my colleague Mike to answer.

Mr. Panda: I got the answer from you. I'm good with that.

We also talked about the commodity prices in this report, and the commodity prices are the same across the world. It's not just for Alberta. It's the same. But some of these producers here who are investing in these oil sands projects are moving to other jurisdictions knowing well it's the same commodity price everywhere.

Ms Volk: Yeah.

Mr. Panda: So investments are fleeing. What are we doing to, you know, retain those investors here or bring them back?

Ms Volk: Well, I guess I would just – I'm not sure I would characterize it as investors fleeing and making the same investments but in other jurisdictions. For example, when we spoke to Shell, Shell had a very particular strategy to acquire very particular assets still in the oil and gas industry but taking a . . .

Mr. Panda: But they're still investing in oil and gas elsewhere?

Ms Volk: Yes, but in a different kind of play. They needed to fund their investment, and the oil sands were actually an attractive investment that they could sell and liquidate to fund their other investments. So they didn't paint it that way.

Mr. Panda: My colleague was talking . . .

The Chair: Thank you, Mr. Panda.

Ms Miller.

Ms Miller: Thank you, Chair. Going back to all of the petroleum diversification programs, these are all great news for the projects. They're great for Alberta, but the diversification of the petroleum industry has to be a top priority if we want more value-added jobs for Albertans. We need the prosperity in Alberta, not out of country. Looking long term, are there any other initiatives that are going on that you could perhaps share with us?

3:30

Ms Volk: Sure. I can talk a little bit about this. I think the most important thing that's going on right now is the work that's being done by EDAC, the Energy Diversification Advisory Committee. As I mentioned before, they're meeting with experts, they're listening to stakeholders, and they're gathering a lot of information and looking at areas like partial refining, increased petrochemical manufacturing. They're looking at those kinds of opportunities and studying what they think the advantages of those would be. They haven't made recommendations yet, but that's the kind of world that they are looking at and studying very carefully. Certainly, the purpose of their mandate is to identify opportunities to diversify that will help us smooth out some of the roller-coaster effects that the province feels as an oil and gas resource intensive economy. They're looking at opportunities to smooth out some of that and be a little less dependent on oil and fluctuating oil prices.

They're looking at three phases of stakeholder engagements. They had a public website with the opportunity for submissions from the public, they had four expert working group sessions with separate streams examining oil and natural gas opportunities, and they had one-on-one meetings with selected stakeholders, which ran between January and July. They've done most of their listening. They're now sort of regrouping and assessing what they heard and developing some recommendations. Their working groups examined opportunities in partial upgrading, in refining, in petrochemicals, and in chemical manufacturing. There's a sampling of the kinds of things that they're looking at, and we look forward to their recommendations.

Ms Miller: Thank you very much.

I'm going to change topics a little bit and go to the Balancing Pool. With the Balancing Pool having been consolidated into the Ministry of Energy, will the Balancing Pool see a difference in its day-to-day operations?

Ms Volk: Thank you for the question. The answer is no. It was an accounting determination that from an accounting perspective their recommendation was to consolidate the Balancing Pool, which we have done. That affects the financial statements, but it does not affect the day-to-day operations of the Balancing Pool. It continues to be an independent organization with its own independent decision-making capability. So no change.

Ms Miller: Thank you.

I'm going to pass my time on to . . .

The Chair: Dr. Turner. I apologize. Ms Luff.

Ms Luff: No worries. It's all good.

I just wanted to ask a question about methane reduction. I know that it's a goal of, certainly, the climate leadership plan. We're trying to reduce methane emissions by 45 per cent. I've been speaking with folks in Calgary who work in the industry who are developing technologies to be able to detect and trap and help reduce methane emissions. It's just noted in the AG's briefing here that there was a study conducted by GreenPath Energy, which was commissioned by the AER, and it noted that methane emissions are

actually underreported. You know, given that methane is a much more severe greenhouse gas than carbon dioxide, it's important that we're doing what we can to reduce it. I'm just curious what steps the ministry has taken to ensure that methane levels are being appropriately reported.

Ms Volk: A great question, because it is a really important part of that puzzle. The ministry is working with the Alberta climate change office and with the Alberta Energy Regulator to develop some made-in-Alberta regulations to meet the federal methane reduction target of a 45 per cent reduction by 2025. Part of meeting that target does include understanding the emissions, because if we're shooting for a 45 per cent reduction, we need to know that we're shooting from a 45 per cent reduction of what baseline, and then we need to be able to measure our progress as we implement those reductions as well.

The draft regulations have not yet been released. The Alberta Energy Regulator will be releasing draft regulations, we expect, in the fall. Those regulations will point to whatever measures they feel will need to be in place. We are working closely with them, and we think that measurement and reporting will be an important component of that as well.

Ms Luff: Yeah. What is your plan to, like, work with industry with these new regulations to make sure that they're adopting the regulations as quickly as possible?

Ms Volk: Right. Very important. Well, already the Alberta Energy Regulator has convened a working group with not just industry but NGOs as well and has been working towards the development of regulations, so there is already a lot of engagement with industry and a lot of input and collaboration, not just with industry but with others, on developing those regulations. As they're implemented, the Alberta Energy Regulator will be working very closely with industry on their implementation, as will we in our regular contact with industry. But industry will need to meet them. There is a federal regulation that will require a 45 per cent reduction. Industry will need to meet that, and we will need to be all working together to make sure that that happens.

Ms Luff: Yeah. Absolutely.

Just shifting gears a little bit, I just had a question about one of the performance measures in the annual report. There is a performance measure that indicates the collection of resource revenue, and for the past five years it's shown that you have collected 100 per cent of the resource revenue, which is good, obviously. I'm just curious as to, I guess, why you continue to use this measure and how the department uses the information from that particular measure.

Ms Volk: Good. Well, as you point out, it's a pretty important measure. You know, we should be collecting 100 per cent of what we can. One of our mandates is to collect the Crown's share of the resources on behalf of Albertans, and this measure measures our ability to do that. Are we able to collect the amounts owed through the development of the resources, and are we doing it to the full extent possible? It provides assurance. We continue to have this measure in order to be able to confirm that we are in fact providing assurance that the government is collecting the right amount of revenues for what we are owed.

Mike, could you add to that, having been responsible for that function?

Mr. Ekelund: Yes. I've been responsible for it for a number of years. I think one of the things is that sometimes there is a concern that we are not collecting the full amount. In fact, I think that in 2007 there were some misunderstandings around some of the reporting – the royalty review, the Auditor General's report – that the government could have collected more royalties if they'd had a higher royalty rate. It was characterized as government not collecting the full amount of royalties. I believe that there were some newspaper articles and so on. I think it's helpful for people to understand this.

As well, it's also a measure that we will have to be watching, I think, more closely in the future. While we watch it very closely, we want to make sure that we collect every penny that's actually due to the government. Where we could run into some potential risks in the future is with companies going out of business, and we've seen a number of those recently, and we've seen that court case. Is there some potential for small amounts? Again, generally those are small companies, very small amounts of royalty. We're still at that pretty close to 100 per cent piece, but I do think it's important that we track that and that we ensure that we've got the processes in place to make sure that we do get those dollars.

Ms Luff: Thank you.

Chair, can I pass to my colleague MLA Renaud?

The Chair: You have a minute, 16 seconds.

Ms Renaud: Oh. Okay. A real quick question: have you evaluated the performance measures, and are they still relevant based on the fact that we have a new royalty framework?

Ms Volk: Mike, did you want to, in a minute, answer the question?

Mr. Ekelund: Well, I think we'll be working on exactly how we measure the impacts of the new royalty framework and how it works. It is tied to the actual costs, and to some extent it's been structured that it moves by itself. I'm trying to remember what the term is within a minute. It's self-adjusting, so we'll be collecting information. We'll be able to understand what the costs are. If companies are able to drill at less cost, then they get a higher royalty gain. If they are drilling at higher cost, there's a drag on them, and that should move us, as the royalty panel said, towards having lower cost wells by incenting that kind of activity.

We'll be looking at measures of what the costs are and what the economics of those wells are. Every year we do an adjustment of 5 per cent, and every third to fifth year we'll take a bigger look at some of the factors.

The Chair: Thank you, sir, and thank you again for being brief.

Mr. Ekelund: Thank you.

The Chair: We do have a minute or so to read questions into the record. Are there any questions?

Mr. Panda, you can read one question into the record, please.

Mr. Panda: Thank you. Canada is importing 800,000 barrels, approximately, on the east coast, and that means that, you know, we have fewer jobs for Albertans here. We lost 100,000 jobs in Alberta. But if we have an ability to give the option for eastern Canadians to use Alberta oil, probably we can create economic activity and many more jobs here. At least, some of those 100,000 jobs lost under this government could be repositioned.

3:40

The Chair: Mr. Panda, can you get to your question, please?

Mr. Panda: Yeah. I just wanted to know your response to that.

The Chair: Thank you.

Mr. Barnes, you have one question, please.

Mr. Barnes: Yeah. Thank you, Mr. Chair. My question is pertaining to the petrochemicals royalty program. I'm wondering if the Energy department was aware that the two companies receiving the opportunity had other aspects in their investment decision before they committed a hundred per cent.

The Chair: No other questions? Okay.

I would like to thank the officials from the Ministry of Energy for attending today and responding to the committee members' questions. We ask that any remaining questions that haven't been responded to be responded to in writing within the next 30 days and forwarded to our committee clerk. Again, thank you very much.

Moving on to other business, are there any other business items? Mr. Gotfried.

Mr. Gotfried: Yes, Mr. Chair. Thank you. Given some of our discussions earlier today and the hard work that's been done earlier on some of the issues around our health care, I'd like to make a motion to support some of the great work that we were able to achieve today if I may. I have copies here to circulate.

The Chair: Please proceed. How about we let you read it out loud first, and then we can respond from there?

Mr. Gotfried: Yes. And I'd just like to say that this is in the spirit of really supporting the incredible efforts and hard work in producing an excellent document by the Auditor General's office and his staff and team and, I think, in some of the great discussions we had today with some of the various stakeholders and the members of this committee.

In saying that, I'd like to move that the Standing Committee on Public Accounts direct research services to draft a report, pursuant to Standing Order 53(2), to endorse Better Healthcare for Albertans: A Report by the Office of the Auditor General of Alberta and to urge the Ministry of Health to devise and table in the Assembly a master implementation plan for the integration of health care in Alberta, for circulation to committee members for review and that the chair and deputy chair be authorized to approve the final report.

Thank you.

The Chair: Thank you, sir.

If we could move to research for some comments regarding this motion, please.

Dr. Massolin: Thank you, Mr. Chair. I just would like to note this for the committee's information. Since this is something that seldom happens in this committee, I'd like to just point out what Standing Order 53(2) actually says. This is what it says under Public Accounts Referred: "The Government shall respond to a report of the Public Accounts Committee within 150 days of the date on which the Committee reports." That means that this committee is given the authority to report to the Assembly, and the government would report back within that time frame.

Thank you, Mr. Chair.

The Chair: Okay. Then going back to Mr. Gotfried, now that we've had research kind of give some details, can you explain what your intent of this motion is?

Mr. Gotfried: The intent, really, is to show that we've not only received but that we've had an opportunity to address this report in a very robust manner amongst the committee members here, I think, in a very nonpartisan way. We've had excellent information and responses from Alberta Health, Alberta Health Services, from the various other stakeholder organizations that are, I think, extremely important in the implementation of some of the insights and recommendations from this report.

Again, I think that this report is very much a road map for us to move forward with and to provide an opportunity for government and the ministry and Alberta Health Services and the other stakeholders to provide positive outcomes but, as I think was mentioned on numerous occasions by the Auditor General and by various members of this committee, to also give us a solid plan and timelines that this committee can hold them accountable to. This is really an opportunity to bring that report in a more formal manner to the Legislative Assembly, with the blessing of the chair and the deputy chair of this committee. I think it will just put some more weight behind the incredible work that's been done by the Auditor General and his team.

Thank you.

The Chair: Thank you, Mr. Gotfried.

Is there any further debate on this?

Dr. Turner: Just to research services. As I understood your reading of Standing Order 53(2), this committee can provide a report, and it would be responded to within a set period of time. This motion actually asks the Ministry of Health to devise and table a master implementation plan. I don't think that that's included in what is considered in that, as I understood that standing order.

Dr. Massolin: Thank you, Mr. Chair. Well, what I can say to that is that the standing order provides the authority for the committee to actually report to the Assembly on this basis, to make this report in which the ministry, you know, assuming the committee approves this motion, of course, would be urged to put together an implementation plan. Now, how the government responds in that time frame is up the government in terms of what it does with that.

Thank you.

The Chair: Did you have a supplemental question?

Dr. Turner: I'll just make sure that the whole committee knows that 53(1) says, "Public accounts and all reports of the Auditor General shall stand permanently referred to the Public Accounts Committee as they become available." My reading of that is that without this motion this report will be going to the Legislature.

The Chair: Is that the way you read that as well?

Dr. Massolin: Well, Mr. Chair, I would just sort of reiterate what I said in the sense that if the committee approves this motion, we would be as research services authorized to put together a draft report. The report itself would basically be this motion, you know, the intent of which, as Mr. Gotfried has indicated, would be to urge the ministry to consider and devise and table ultimately a plan. But, again, as they say colloquially, the ball would be in the government's court at that point.

Thank you.

Mr. Hunter: Just thinking about what was said yesterday with John Reed. I believe he said that it's important that we get follow-up, you know, that we're just not meeting just to meet but that we actually get some measurable results. I think that the intent of this motion is to try to be able to create that vehicle so that we can have some measurable results so that at the end of the day or the year or even the four years that we've met together, we can say: this is something that we've been able to accomplish.

This thing has been studied 40 times in the last 20 years. I think that this motion says, you know: let's not study it anymore; let's get to creating some kind of solutions. I know that that's a nonpartisan issue because everybody wants to have good health care, so I don't think that that's something that anybody on this committee would be opposed to.

The Chair: I was flagged by Ms Renaud first. Please, Ms Renaud.

Ms Renaud: Of course, the work that was done on the report was incredible, and I think it was a unique opportunity for us to hear from a number of people, but I think I'd like to hear again – maybe it's been a long day – from the Auditor General what would be ideal going forward. What kind of work could this committee do now going forward to ensure that there is follow-up and implementation?

3:50

Mr. Saher: I think the work that the committee could do in the future would be heavily influenced by what is available to the committee.

Just for the record in response to Dr. Turner's going to 53(1), Better Healthcare for Albertans has been tabled in the Assembly and thus it has been referred to the Public Accounts Committee and thus it was eligible to be discussed today. I mean, the theory of public accounts committees, the best practices, is that the committee, if it believes that the work of the legislative auditor is worth supporting, then one way for the committee to support that work is to explicitly endorse a report and its recommendations and then actively engage in follow-up activities itself based on an action plan and status reporting going into the future. That's really what I take this draft motion to be trying to set the scene for. I mean, in my opinion, there's an opportunity here for Alberta's Public Accounts Committee to continue to show leadership in Canada.

The Chair: Did you have a follow-up?

Ms Renaud: What I'm hearing is that it would be really helpful for us, one, to endorse it, which I think clearly is pretty easy, but also to come up with a strategy or some plans going forward: what are the next steps for us to follow up?

Mr. Saher: Mr. Chairman, this is the first time I've seen this. I think that there is something important in this, and that is urging the ministry to devise and table in the Assembly a master implementation plan. I think you're acknowledging that such a master plan is complicated, but I think you would be setting an expectation: "This is what we expect of the bureaucracy. You are paid by Alberta taxpayers to put in place the systems and practices designed to achieve integrated health care. We as a Public Accounts Committee looking in at administration, looking in at bureaucratic activity, would like you to hold yourself accountable to the Assembly through the Public Accounts Committee."

I think that this urging a ministry to devise and table is actually what's been missing for all of these years. There's been no way for anyone to say: look, this is the goal. There's been a strategy, but the strategy didn't have the execution pieces. Anyone can articulate a strategy. The really hard work is saying: how am I going to execute the strategy? That's what's typically done through planning. I use the language "master implementation plan" to try to give the sense that this is complicated, that there are different activities, but the idea of a master is: how do you bring all of these things together and show with evidence progress towards a goal that you have set for yourself?

Thank you.

Ms Renaud: Thank you.

The Chair: Thank you, Mr. Saher.

Ms Babcock, did you have a follow-up?

Ms Babcock: I'm good. Thank you.

The Chair: Ms Luff, I saw that you had your . . .

Ms Luff: Well, I guess I just wanted to clarify. Research, you'll draft a report. The report will come to all members of the committee for us to review. Like, if I had an issue with what was in the report, would I bring that to my deputy chair, and then that would be discussed at the working group level? Is that the process that would happen? I'm curious. The idea of drafting a report I think is good, and I think it's good to acknowledge the good work that the Auditor's office has done, but I want to make sure that I'm comfortable with everything that we're asking that's going to be tabled in the Assembly. I just want to make sure, I suppose, that I will see it and have an opportunity to comment on it before it would get tabled in the Assembly. That's all.

The Chair: That is actually a very good point you're making. It would be nice, Doctor, if you could point out or give us the process this would go through. I can tell you that that would give me comfort as well because I don't want my name on something that ends up before the Legislature either.

Dr. Massolin: Absolutely, Mr. Chair. I mean, it's a good question. This is all new to this committee, but I would point out that, as with other committees, a similar process is undertaken where a draft report – and I emphasize "draft" – is prepared by research services. As the motion indicates, there would be circulation to all members for comment. Ultimately, the chair and deputy chair would sign off on it or not. It's up to them to give ultimate approval of that.

I would imagine just from past experience and also the nature of the motion that the report would be quite brief and succinct. It would talk, I would think, about this committee meeting earlier today and some of the things that happened in it in terms of giving a background to the report Better Healthcare for Albertans and the meeting that the committee had with the ministry, AHS, et cetera. Then the substantive portion of the draft report, I would think, would just simply be this motion. The key bit is what Mr. Saher indicated in terms of urging the government or the ministry to devise and table a master implementation plan. That's the essence of it.

Thank you.

The Chair: Did that answer your question, Ms Luff?

Ms Luff: Yeah. I think so. Thank you.

The Chair: Okay. Any further comments? Mr. Gotfried.

Mr. Gotfried: Sure. Just that I would like to say that I think what we heard from John Reed yesterday was that we have an opportunity here to really do some impactful work, and I think that we've worked hard to work well together here. I think that one of the keys here is to urge the ministry. We're urging the ministry to really pay some particular attention to this and develop this master implementation plan, and I think that we'll have plenty of time to look at this. Again, through the chair and the deputy chair, I think that we all have trust in them to represent our needs.

I'd like to just say that I believe we heard from all the stakeholders that there is a will to drive towards better health care outcomes, so I don't think that that's in question. It is Alberta's

largest budget line item. I think that we have to take that into account as the Public Accounts Committee. I think, beyond that, as we've talked about outcomes, not just costs, it's arguably one of the most important and impactful outcomes for all Albertans.

I think it makes it very important for us to take a stand here and do our job and be recognized for it. If that really translates into showing some leadership in public accounts committees across this country, then I think it's a worthwhile step for us to take. It recognizes what I'm so appreciative of, the incredible work that we've seen over the last two and a half years from the Auditor General. I think many times we haven't maybe put as much horsepower behind that from the members of this committee that we could. I would just urge us to support this in that respect as much as anything.

Thank you.

The Chair: Thank you.

Mrs. Littlewood.

Mrs. Littlewood: Thanks. This standing order of 150 days for the government to respond and have that tabled: I mean, we're talking about a master implementation plan for health care delivery in the province in amongst plans that have, you know, apparently been made and not necessarily crafted in an implementation way for 20 years or more, right? I think that was the earliest report that you were talking about, somewhere in the '90s. I'm concerned that 150 days might not be long enough to look at 20, 25 years of health care crafting in the province. If I could ask our support here for some thoughts, please and thanks.

Dr. Massolin: Sure. Mr. Chair, may I?

I mean, I don't presume to speak on behalf of the government and how they would respond. After saying that, I would think, though, that the intention of the standing order is not necessarily to hold the government, to say, you know: in 150 days you have to come up with a master implementation plan. I would think, though, that they would ask for a response from the government with respect to this motion. I'm speculating here, and I'm on dangerous grounds as a result of that, but one would think that they might be able to say: well, we might undertake an investigation of this and come back to the Assembly or to the committee with a plan, and it might take longer than 150 days. The response would simply be to the idea of devising and tabling. It doesn't have to be completed within that 150 days.

4:00

Mrs. Littlewood: Is there a means of . . .

The Chair: Sorry. One second here.

Ms Rempel, could you please build on that?

Ms Rempel: Well, thank you, Mr. Chair. I guess I just wanted to build on what my colleague here was saying. You know, over the years where there has been the 150-day response requirement, we have received a very wide variety of responses on various issues from various departments, ranging from very brief memos thanking the committee in question for the work that they'd done to much larger, more substantial reports in response to the work that a committee has done.

You know, with regard to this motion I think what my colleague was saying is that the 150-day requirement for a response would not be specific to requiring a plan. It would just be a response.

Mrs. Littlewood: That's not what's in the motion. The motion says: "to devise and table . . . a master implementation plan." So is there a means of saying what you're saying in the motion?

The Chair: Mr. Gotfried, could you please explain?

Mrs. Littlewood: I have the floor, I'm pretty sure.

The Chair: You asked a question, Mrs. Littlewood . . .

Mrs. Littlewood: Yeah, and I would like to get support.

The Chair: . . . and the advice, to me, is to get Mr. Gotfried's intent of the motion.

Mrs. Littlewood: Okay.

The Chair: So, please, can we allow Mr. Gotfried?

Mr. Gotfried: Thank you. The intent of the motion is not to say 150 days. I think that would be unrealistic for . . .

Mrs. Littlewood: That's what it says.

Mr. Gotfried: No. It actually says: "the chair and deputy chair . . . to approve the final report." What we've been told is that there's a 150-day window to respond to the final report, not to give us a master implementation plan. That's not what it says. We send the report. As I understand, the normal procedure with the report is that they need to respond to the report within 150 days, at which time they could tell us, "It's going to take us a year" or whatever the window is that they said, or they could just thank us. That's my understanding.

The 150 days is a procedural thing to respond to the report, not to say: oh, you know, drop everything else, and try and rush the master plan. I think that would be unrealistic and not what any of us are asking for. I think what we're asking is to move this file forward as robustly as we can with the support of all members of this committee. That's the real intent. Trust me.

The Chair: Thank you, Mr. Gotfried.

Mr. Gotfried: It's not meant to try and pigeonhole anybody or anything. We're supposed to have our hats on here which are not partisan. It's not meant to do that at all. I'm here that way.

I'm sorry; I didn't expect that look from you. But you know what? I think we're all here – we just went through a session yesterday to . . .

Mrs. Littlewood: Tell that to your colleague, then, because I think we've been through . . .

Mr. Gotfried: I can't speak for my colleague. We're all independent members . . .

The Chair: Are you talking through the chair, please?

Now, Mr. Gotfried, thank you for your response.

Doctor, can you respond to what Mr. Gotfried says? Then we can go back.

Dr. Massolin: Yes. Just to clarify, absolutely, what the standing order provides for, it only asks the government to respond within 150 days. The committee does not have the power to compel the government to actually comply with the motion. The standing order is the authority to require a response within 150 days.

Thank you.

The Chair: Mrs. Littlewood?

Mrs. Littlewood: Okay.

The Chair: Okay. Sorry. I do need to make sure that we've discussed this fully.

Ms Babcock.

Ms Babcock: Thank you. I'm just wondering if we can maybe even amend the motion to make that very clear, because I think that's something that confused me when I looked at the motion, and it seems to have confused a lot of people. I'd like to absolutely believe that this is nonpartisan, that we're not trying to pigeonhole anybody, and make it very clear that what we are looking for is a response to PAC and not to do the implementation program by then, by the 150 days.

The Chair: Would you allow me to talk with research really quickly here?

Ms Babcock: Sure. Absolutely. Please.

The Chair: Mr. Gotfried.

Mr. Gotfried: I think this is – maybe our counsel here can help us – maybe a misunderstanding of where the commas are here. If I'm to read this correctly, what we're really talking about here is a motion that "the Standing Committee on Public Accounts direct research services to draft a report." Then from the word "pursuant" to the term "Alberta" after "integration of health care in" and then "for circulation to committee members" – so we're talking about: to draft a report for circulation to committee members for review and that the chair and deputy chair be authorized to approve the final report.

We're not asking for the master implementation plan to be circulated to committee members for review. We're asking for the draft report to be circulated. Those words between "pursuant to Standing Order" and "integration of health care in Alberta" are just descriptors of what we're pushing forward. We're not saying that the master implementation plan has to be circulated to committee members for review. We're talking about the draft report.

Does that help a bit?

Ms Babcock: That's not the confusion. Sorry, Mr. Chair. If I may, I think the confusion lies in saying, "Table in the Assembly a master implementation plan for the integration of health care in Alberta." If it's pursuant to 53(2), that means that – and it's not. But the question becomes: are we asking Health to give us the master implementation plan in 150 days? That's the way that it reads to me. I think that's where the confusion is coming from. So I think that it needs to be made more clear within the motion that we're asking for a response to the report and that in the report there is the master implementation plan for the integration of health care in Alberta. It's within the report, but we are not asking for that implementation plan in the next 150 days.

The Chair: Okay. Can you give myself and research, let's say, five minutes to work on some sort of verbiage, and then we can come back? Can we take a five-minute break?

[The committee adjourned from 4:08 p.m. to 4:18 p.m.]

The Chair: If everybody could take their seats again. Thank you for your patience. I very much appreciate it. Now, I think we've come to a compromise.

Mr. Gotfried, would you be willing to withdraw your original motion?

Mr. Gotfried: Yes, I would, Mr. Chair.

The Chair: We need unanimous consent for that. Is everybody agreed with withdrawing the motion? Is there anybody against it? Okay.

Mr. Gotfried.

Mr. Gotfried: Thank you, Mr. Chair. Now that we've got that and we've got some revised wording here, which I'm happy will make everybody a little bit more clear on it, I'd like to move that

> the Standing Committee on Public Accounts direct research services to draft a report pursuant to Standing Order 53(2) for circulation to committee members and that the chair and deputy chair be authorized to approve the final report and further that the report endorse Better Healthcare for Albertans: A Report by the Office of the Auditor General of Alberta and urge the ministry to devise and table a master implementation plan for the integration of health care in Alberta.

Thank you.

The Chair: Just a second here. Did you read that wrong, Mr. Gotfried? Did that say "Ministry of Health" instead of just "ministry"?

Mr. Gotfried: "Urge the ministry": I read what you handed me.

> Ministry of Health.

Please amend that accordingly.

The Chair: Thank you, Mr. Gotfried.

Mr. Gotfried: I occasionally do what I'm told.

The Chair: All right.

Now let's open discussion. Were there any comments regarding this motion moving forward? Okay.

Can we call the question, then? All those that are supportive of the motion, please say aye. Those against? On the phones? Thank you. All right. The motion is carried.

Just a second. We're not quite done yet here. The committee meets next on Wednesday, October 11, with the Ministry of Justice and Solicitor General in the morning and Service Alberta in the afternoon.

I would like to call for a motion to adjourn. Would a member move that this meeting be adjourned? Mr. Panda is jumping up and down, so let's use that. All in favour? Any opposed? On the phones? The meeting is adjourned.

Thank you very much, everybody.

[The committee adjourned at 4:22 p.m.]

Published under the Authority of the Speaker
of the Legislative Assembly of Alberta