



Legislative Assembly of Alberta

The 29th Legislature
Third Session

Standing Committee
on
Public Accounts

Treasury Board and Finance

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

Standing Committee on Public Accounts

Cyr, Scott J., Bonnyville-Cold Lake (UCP), Chair
Dach, Lorne, Edmonton-McClung (NDP), Deputy Chair

Coolahan, Craig, Calgary-Klein (NDP)*
Barnes, Drew, Cypress-Medicine Hat (UCP)
Fildebrandt, Derek Gerhard, Strathmore-Brooks (Ind)
Fitzpatrick, Maria M., Lethbridge-East (NDP)**
Fraser, Rick, Calgary-South East (Ind)
Goehring, Nicole, Edmonton-Castle Downs (NDP)
Gottfried, Richard, Calgary-Fish Creek (UCP)
Littlewood, Jessica, Fort Saskatchewan-Vegreville (NDP)
Luff, Robyn, Calgary-East (NDP)
Malkinson, Brian, Calgary-Currie (NDP)
Miller, Barb, Red Deer-South (NDP)
Panda, Prasad, Calgary-Foothills (UCP)
Renaud, Marie F., St. Albert (NDP)
Rosendahl, Eric, West Yellowhead (NDP)***
Turner, Dr. A. Robert, Edmonton-Whitemud (NDP)
Westhead, Cameron, Banff-Cochrane (NDP)

* substitution for Cameron Westhead

** substitution for Nicole Goehring

*** substitution for Robyn Luff

Also in Attendance

McIver, Ric, Calgary-Hays (UCP)

Office of the Auditor General Participants

Merwan Saher	Auditor General
Brad Ireland	Assistant Auditor General

Support Staff

Robert H. Reynolds, QC	Clerk
Shannon Dean	Law Clerk and Director of House Services
Trafton Koenig	Parliamentary Counsel
Stephanie LeBlanc	Parliamentary Counsel
Philip Massolin	Manager of Research and Committee Services
Sarah Amato	Research Officer
Nancy Robert	Research Officer
Corinne Dacyshyn	Committee Clerk
Jody Rempel	Committee Clerk
Aaron Roth	Committee Clerk
Karen Sawchuk	Committee Clerk
Rhonda Sorensen	Manager of Corporate Communications
Jeanette Dotimas	Communications Consultant
Tracey Sales	Communications Consultant
Janet Schwegel	Managing Editor of <i>Alberta Hansard</i>

Standing Committee on Public Accounts

Participants

Ministry of Treasury Board and Finance

Lowell Epp, Assistant Deputy Minister, Treasury and Risk Management
Darren Hedley, Assistant Deputy Minister, Strategic and Business Services
Mark Parsons, Assistant Deputy Minister, Economics and Fiscal Policy
Lorna Rosen, Deputy Minister

Alberta Investment Management Corporation

Mark Prefontaine, Senior Vice-president, Client Relations

Public Service Commission

Lana Lougheed, Deputy Minister

8:30 a.m. Tuesday, October 31, 2017

[Mr. Cyr in the chair]

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

My name is Scott Cyr, the MLA for Bonnyville-Cold Lake, the chair of this committee. I'd like to ask that members, staff, and guests at the table introduce themselves for the record, starting to my right.

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

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

Mr. McIver: Good morning. Ric McIver, MLA for Calgary-Hays.

Mr. Barnes: Good morning. Drew Barnes, MLA, Cypress-Medicine Hat.

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

Ms Lougheed: Good morning. Lana Lougheed, deputy minister, Public Service Commission.

Mr. Hedley: Good morning. Darren Hedley, assistant deputy minister, Treasury Board and Finance.

Ms Rosen: Good morning. Lorna Rosen, deputy minister, Treasury Board and Finance.

Mr. Parsons: Good morning. Mark Parsons, assistant deputy minister, Treasury Board and Finance.

Mr. Epp: Good morning. Lowell Epp, assistant deputy minister, Treasury Board and Finance.

Mr. Ireland: Brad Ireland, Assistant Auditor General.

Mr. Saher: Merwan Saher, Auditor General.

Ms Renaud: Marie Renaud, MLA, St. Albert.

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

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

Mr. Coolahan: Good morning. Craig Coolahan, the MLA for Calgary-Klein.

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

Mr. Rosendahl: Good morning. Eric Rosendahl, MLA, West Yellowhead.

Mr. Malkinson: Good morning, everyone. Brian Malkinson, MLA for Calgary-Currie.

Mrs. Littlewood: Good morning. Jessica Littlewood, Fort Saskatchewan-Vegreville.

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

Mrs. Sawchuk: Karen Sawchuk, committee clerk.

The Chair: For the record, Mr. Coolahan is substituting for Mr. Westhead, Mr. Rosendahl for Ms Luff, Ms Fitzpatrick for Ms Goehring.

A few housekeeping items to address before we turn to the business at hand. The microphone consoles are operated by the *Hansard* staff, so no need to touch them. Committee proceedings are audio- and video streamed live on the Internet and recorded by *Hansard*. The audio- and video stream and transcripts of the meetings can be accessed via the Legislative Assembly website. Please set your cellphones and other devices to silent for the duration of this meeting.

Approval of the agenda. Are there any additions or changes to the agenda? Seeing none, would a member like to move that the agenda for the October 31, 2017, meeting of the Standing Committee on Public Accounts be approved as distributed? Ms Miller. Any discussion on the motion? All in favour? Any opposed? It's carried. Thank you.

Approval of the minutes. Do members have any amendments to the October 11, 2017, minutes? If not, would a member move that the minutes of the October 11, 2017, meeting of the Standing Committee on Public Accounts be approved as distributed? Mr. Malkinson. Any discussion on the motion? All in favour? Any opposed? Seeing none, the motion is carried. Thank you.

I would like to welcome our guests who are here on behalf of the Ministry of Treasury Board and Finance to address the outstanding recommendations from the Auditor General as well as the ministry's annual report for 2016-2017. Members have the research report prepared by research services, the Auditor General briefing document, as well as the status of the Auditor General recommendations document completed and submitted by the ministry.

I invite the deputy minister to provide opening remarks not exceeding 10 minutes. Deputy Minister Rosen.

Ms Rosen: Thank you, and good morning. I appreciate the opportunity to discuss the Treasury Board and Finance 2016-2017 annual report and the status report on outstanding recommendations from the Auditor General. We will address any questions you have regarding the Treasury Board and Finance ministry, including the Public Service Commission.

First, I have some brief remarks, starting with introductions. Joining me at the table today are: Lana Lougheed, deputy minister, Public Service Commission, and the Public Service Commissioner; Darren Hedley, assistant deputy minister, strategic and business services for Treasury Board and Finance; Lowell Epp, assistant deputy minister, treasury and risk management division for Treasury Board and Finance; and Mark Parsons, assistant deputy minister, economics and fiscal policy, Treasury Board and Finance. There are also several senior management staff with me today from the Department of Treasury Board and Finance, the Public Service Commission, the Alberta Gaming and Liquor Commission, ATB Financial, and the Alberta Investment Management Corporation.

I'll start with an overview of the Treasury Board and Finance 2016-17 annual report. The report contains a results analysis, presenting the key highlights in the past year, financial highlights, and a discussion and analysis of the results. In 2016-17 Treasury Board and Finance actively responded to government's strategic plan and key priorities. Some of the objectives and key highlights of the year were: managing public finances in a prudent and effective manner; cost savings – as the economy began to recover, the government continued its efforts to manage its operational expenses with the long-term goal of bringing the budget into balance – ensuring an effective tax administration; fostering economic growth and diversification; ensuring transparent,

accountable, and efficient government; and supporting efforts during the regional municipality of Wood Buffalo wildfire and recovery.

Moving on now to the financial highlights for the ministry, revenue of \$25.6 billion was \$209 million higher than the prior year and \$54 million higher than the budget estimate. Taking a closer look, personal and corporate income tax revenue and other taxes were lower than budgeted due primarily to the effects of the economic downturn. Higher investment income offset much of the decreases on the tax side as global financial markets performed better than expected. Expense was \$481 million more than the prior year but \$488 million below budget.

Most expenses came in close to budget estimates, but the two larger variances were that the pension recovery was \$365 million higher than budget – this was due to an improved net asset to pension obligation ratio for the pension plans and improved cash flows for the teachers' pre-1992 pension obligation from those budgeted – and the corporate income tax allowance adjustment was \$157 million lower than expected due to a couple of large reassessments and the resulting adjustment to the associated allowance.

In terms of the outstanding Auditor General recommendations, Treasury Board and Finance has 22 outstanding recommendations from the Auditor General. Of those 22 there are 19 for the Department of Treasury Board and Finance and three for the Public Agency Secretariat.

Public Service Commission recommendations. Of the three outstanding recommendations for the Public Agency Secretariat a significant amount of work has been undertaken to not only fulfill the recommendations but to also build on the foundation of good public agency governance. In their October 2017 report the office of the Auditor General noted that these recommendations were withdrawn in light of new legislation, regulation, and centralized approval. The government has clearly signalled its commitment to improving board governance, accountability, and transparency.

The consolidation of the Public Agency Secretariat in Treasury Board and Finance in September 2016 brought together staff from Executive Council, Public Service Commission, and Service Alberta, all with experience in governance, recruitment, and compensation practices. The secretariat's work to improve the governance, oversight, and accountability of Alberta's agencies, boards, and commissions is ongoing with the second and third phases of its review well under way.

With respect to Treasury Board and Finance recommendations, of the 19 outstanding recommendations for the department there are three that date prior to 2014. Of those three the one regarding the chief executive officer compensation disclosure has been withdrawn due to the Reform of Agencies, Boards and Commissions Compensation Act. The new legislation, regulation, and centralized approach made the recommendation no longer applicable.

The other two recommendations for Treasury Board and Finance made prior to 2014 relate to the government's annual reporting process. Implementation of these two recommendations is close to completion as they are being finalized in conjunction with an additional recommendation made in July 2014 on the annual reporting process. In fact, we are about to go into a follow-up with the Auditor General on those recommendations.

Of the 16 recommendations made to Treasury Board and Finance in 2014-15 and '16, included in those 16 are six recommendations related to the corporate tax administration area. All six have been implemented, the majority in 2016, and the office of the Auditor General has been notified.

Another recommendation is from October 2014, to update our enterprise risk management system. Work on this recommendation is well under way, including identification and mitigation of key strategic risks, and is an integral component of the 2017-18 business planning process, which is conducted from August to December 2017. This recommendation will be implemented this fiscal year.

Significant progress has been made on the remaining recommendations. The decision to implement a new enterprise resource planning system, standardizing processes and providing better information, will move several of the outstanding recommendations forward.

The Public Service Commission is responsible for ensuring Alberta has a professional, nonpartisan, diverse, and inclusive public service that proudly serves Albertans, which is achieved by providing expert advice, strategic leadership and stewardship, as well as developing and delivering innovative supports and services to Alberta public service employees. Government is committed to strengthening the public service to ensure it is inclusive, innovative, and that it delivers high-quality programs and services to Albertans.

8:40

Engaged employees are the foundation of a successful public service. Over the past year the ministry developed and launched Engage, our APS people strategy, the government-wide employee engagement strategy to ensure a positive and productive work environment that enhances the engagement of public service employees. Engaged employees are crucial to the success of APS in delivering high-quality and responsive services to Albertans. We also developed an approach to ensure that APS is a diverse and inclusive workplace that reflects the province's diversity and strengths.

This concludes my formal remarks. I along with my colleagues would be pleased to answer your questions. Thank you.

The Chair: Thank you, Ms Rosen.

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

Mr. Saher: Thank you, Mr. Chairman. I won't need five minutes as I don't plan to make any opening comments this morning other than to recognize that the deputy minister has, I believe, done a fulsome job in describing the outstanding recommendations made to her ministry.

Thank you.

The Chair: Thank you, Auditor General.

We will follow our usual time allotment format for a one and a half hour meeting for the questions for the committee members. The first rotation will be 10 minutes each for the Official Opposition and the government members. Our second rotation will be an additional 10 minutes each for the Official Opposition and government members followed by five minutes for independent committee members. The final rotation is five minutes for the Alberta Party, Liberal Party, and the PC Party, or an independent member in attendance wishing to participate.

With the agreement of the committee any time remaining will equally rotate amongst the Official Opposition and government members, with the final five minutes or so designated for outstanding questions to be read into the record and to consider any other business that also will be brought forward.

We ask that the officials at the table as well as those seated in the gallery provide their names before responding to the questions. This is for the benefit of those listening in online and for the *Hansard* recording.

I will now open the floor for questions from members. Mr. McIver.

Mr. McIver: Thanks, Chair. Thanks for being here, folks. I appreciate that. Thanks to AIMCo. You consistently get good results, so congratulations. AIMCo's governance structure is outlined in its 2016 annual report on pages 10 to 17. The CEO's message on page 6 talks about AIMCo's "governance autonomy, operational independence and the ability to attract top professional talent," which I think is important. I have to ask AIMCo: when and how did you learn about the order in council removing section 5, director's qualifications, and section 6, the nominating committee, from the AIMCo regulations, please?

Ms Rosen: We do have officials here from AIMCo that can respond to that.

Mr. Prefontaine: Thank you for the question. It's Mark Prefontaine with the Alberta Investment Management Corporation. We learned about the changes to the regulation the week that the changes were made with the order in council.

Mr. McIver: Good. Well, thanks, Mr. Prefontaine. I'll note that Mr. Uebelein said at a heritage fund committee that removal of the sections came "as a surprise... and, frankly, not a welcome surprise." That was a quote, just for the record. He also openly disagreed with the deputy minister that it was an improvement to AIMCo's governance structure. Do you know why the government took this unilateral step without consulting AIMCo?

Mr. Prefontaine: I don't know, but I can say that the opinions expressed by our CEO, Mr. Uebelein, were based on information available at the time. At this point in time we're quite pleased with the outcome and our board is very much in line with the government on the process moving forward for AIMCo's governance structure.

Mr. McIver: So Mr. Uebelein has changed his mind? Is that what you're trying to say?

Mr. Prefontaine: No, I wouldn't say that he's changed his mind as much as that the information that we had available at the time was incomplete in terms of what the actual outcomes would be, and when we look at the outcomes in terms of recent appointments the government has made to the AIMCo board and the governance structure as codified in our mandate and roles document that our chair, Mac Van Wielingen, as well as the minister have signed, codifying the expectations for board appointments and process, AIMCo's board and management are quite pleased with that outcome.

Mr. McIver: Okay. As you know, AIMCo controls \$95.7 billion of Alberta funds, including those of 83,000 pensioners, including teachers, nurses, municipal staff, and \$17.5 billion in our heritage fund. What was the reaction to your clients, sir, such as the local authorities pension plan board, when the order in council became public? A FOIP obtained by the UCP opposition indicates that they were alarmed that the government was undermining your independence.

Mr. Prefontaine: Certainly they expressed their concerns over what may happen or what they thought might happen, but the feedback that we've received thus far is that they, too, are pleased with the outcome in terms of the quality of the board members that have been appointed and what they can see as a process moving forward that gives them the confidence that the governance structure that AIMCo enjoys will be maintained.

Mr. McIver: Yeah. We're of the opinion that the public pressure has guaranteed, at least for now, that those appointments were good ones.

Did you fear that the government of Alberta's unilateral decision to repeal the sections had the potential to shake your clients' confidence in AIMCo's independence in the investment decisions you make? Because I think you would agree that reputation is critical in your piece of business.

Mr. Prefontaine: I certainly agree that reputation is critical not only with our clients but with our partners as we partner with a number of funds similar to ours, organizations similar to ours, for very large deals across the globe. That said, with the events as they have transpired, a lot of those concerns have been addressed in terms of confidence both with our client group and with our stakeholders, which range from, again, large funds within Canada and around the world.

Mr. McIver: Okay. You've received an apology from the government about what they did?

Mr. Prefontaine: I can't speak to that in particular.

Mr. McIver: I'll help you out. We got a FOIP. On page 66 of the FOIP it indicates that the government did apologize. My question is: what was the apology for, and who made the apology, please?

Mr. Prefontaine: I can't speak to that particular issue.

Mr. McIver: Is there anybody here that can?

Mr. Prefontaine: No, there is not.

Mr. McIver: Okay. Can we get that answer later?

Mr. Prefontaine: I will commit to doing that, yes.

Mr. McIver: Thank you so much.

Did they promise not to blindside you again when they made that apology?

Mr. Prefontaine: I can't speak to that either.

Mr. McIver: Okay. Will you get the answer for me, please?

Mr. Prefontaine: I will.

Mr. McIver: Thank you so much.

Is having the qualifications in the competency matrix as strong as having the requirements legally set out in the AIMCo regulations, formerly in section 5?

Mr. Prefontaine: I think the common theory would be that an act is better than a regulation, and a regulation is better than another document. That said, again, as you mentioned, confidence is the paramount thing that our clients are looking for as well as our partners and stakeholders. What the government and our chair have been able to agree to has instilled that level of requisite confidence. We're really quite pleased with the outcome.

Mr. McIver: Do you think cabinet maybe acted prematurely in deleting sections 5 and 6 prior to the mandate and roles document, or the framework, being drafted?

Mr. Prefontaine: Well, I think that if you look at our CEO's comments earlier, a consistent refrain would be, you know, that we would have wished to have seen earlier consultation. That said, that was really dealing with concerns about perceptions and

expectations. The reality has borne out that AIMCo's governance remains top notch, as it has been for a long time.

Mr. McIver: To be clear, the mandate and roles document was only signed last month, September 14, which is seven months after sections 5 and 6 were repealed in February. Not your fault, but you floated along for seven months after sections 5 and 6 without the mandate and roles document. How much damage did that do to you, if any?

Mr. Prefontaine: No damage. We were working under some timelines. For example, you will have seen that just recently our board chairmanship has changed. Dr. Richard Bird is now our chair. That process to recruit new board members as well as deal with upcoming vacancies was a concurrent process. When we looked at that process as it was unfolding, we were able to garner the confidence and share that confidence with our clients in terms of the expectation that we would end up with quality board members. Again, a lot of these issues dealt with perceptions and concerns about what might happen. In reality we're really quite pleased with that outcome.

8:50

Mr. McIver: All right. But you did just agree that perceptions are important because confidence matters in your business.

Mr. Prefontaine: Yes.

Mr. McIver: Does the MRD, the mandate and roles document, provide AIMCo with the assurance that it needs to feel confident it will continue to have an arm's-length relationship with government?

Mr. Prefontaine: Absolutely. One of the key tenets to discussions that ensued regarding the MRD was the need to codify AIMCo's operational independence yet maintain the necessary level of strategic alignment that AIMCo and any other Crown corporation needs with its shareholder. The wording as is entrenched in that document affirms that tenet.

Mr. McIver: Okay. Well, arm's length and alignment seem to run in conflict with one another. Wouldn't you agree?

Mr. Prefontaine: Not necessarily. For instance, our mandate is to manage assets for a number of public-sector and public-sector-related entities on behalf of the government. So when you look at the assets that we manage for endowments like the heritage fund, for the public-sector pension plans, we have to maintain some level of alignment with the shareholder for things like the risk management framework for the public-sector pension system, et cetera.

Mr. McIver: Okay. Now, the order in council, of course, wasn't the first time AIMCo had to take the government to task. Another FOIP revealed that AIMCo was concerned when the government attempted to use the Alberta growth mandate to make political points, and then it subsequently interfered with public communications on the issue. Should Albertans have concerns about the government interference in AIMCo based on now at least two recorded events when they've done that, and how will the public know if it's occurring from now on?

Mr. Prefontaine: I will say that, no, the public should not have concerns. There's been a lot of discourse about the Alberta growth mandate and the relationship that AIMCo has with both the shareholder as well as our client, the government of Alberta, as

trustee for the heritage savings trust fund. We really are operating – and this is in agreement with the officials within Treasury Board and Finance – in that client-investment manager relationship. The Alberta growth mandate is an asset allocation decision that the client has made, and we're independently implementing that mandate.

Mr. McIver: Okay. The Premier's now chief of staff was involved in the Alberta growth mandate when he was in another position. Have you had communication with the Premier's office since his appointment as chief of staff?

Mr. Prefontaine: I have not, and I'm not aware of any other communication.

Mr. McIver: Thank you so much.

The Chair: Thank you.
All right. Ms Fitzpatrick.

Ms Fitzpatrick: Okay. My first question is with respect to the pension funds. What steps has the department taken to implement the recommendations?

Ms Rosen: With respect to the pension fund recommendations we have actually taken a number of steps. Treasury Board and Finance has prepared a draft enterprise risk management framework for Alberta's public-sector pension system and a draft enterprise risk management report. Ministry staff met with the plan boards and service providers to provide a high-level overview of the framework to seek verification of the information presented that accurately captures the data risk identification as identified by those stakeholders and to seek additional comments, suggestions from the stakeholders. Ministry staff met with staff at the OAG to provide a preliminary version of the framework and report to seek advice and feedback, and we are confident that we will be able to satisfy those recommendations in this fiscal year.

Ms Fitzpatrick: Thank you very much. You actually answered all my questions. Thank you.

The Chair: Ms Renaud.

Ms Renaud: Thank you, Mr. Chair. I'm going to ask some questions referring to outcome 1 in the report. Can you explain to the committee how the department defines long-term fiscal sustainability?

Ms Rosen: Long-term fiscal sustainability is a challenging concept, and I believe that it's important to understand what long-term signifies and actually means. In terms of our responsibility as Treasury Board and Finance around the sustainability of the fiscal situation for the Alberta government it involves the preparation of accurate and useful financial information. It also involves understanding the economics of the province, and it involves, I would say, understanding key ratios and where we sit with respect to those key ratios as it determines our fiscal sustainability moving forward.

One of the ratios that we actually look at for understanding fiscal sustainability would be our net debt to GDP, the GDP being a measure of economic capacity and net debt to GDP then signalling whether or not we have what I would call reasonable debt given our economic capacity. In terms of our net debt to GDP Alberta has the lowest net debt to GDP of all of the provinces and will continue to have the lowest net debt to GDP of all of the provinces likely for at least the remainder of the current fiscal plan, which goes to '19-20.

Ms Renaud: Thank you. What targets has the department established for long-term fiscal sustainability?

Ms Rosen: The net debt to GDP target, I believe, is very important. I also think that it's important to understand where our revenues come from. In terms of how typical provincial government revenues are made up, there are own-source revenues, which are your tax revenues, your investment income, your fees and fines, et cetera. There are also government transfers from the federal government.

One of the things that we look at is: do we have an overreliance on transfers from the federal government? Again, Alberta, for a number of reasons, has some of the lowest transfers of all of the provinces as a percentage of our overall budget from the federal government. In those two major ways the amount that transfers actually contributes to our overarching revenue and our net debt to GDP. I would suggest to you that those are two major things that we look at.

Ms Renaud: How and where does the department report to Albertans on long-term fiscal sustainability and whether or not we're on track?

Ms Rosen: We report in the annual report, looking at the statements that are made in the business plan and then addressing how we actually have fulfilled the statements and the strategies in the business plan. If you look at the annual report, you'll see that there is a summary there of what we do as a department, including the provision of economic information, the identification and accuracy of financial reporting, and also, I think, the fact that we are the major financial information providers for the entire GOA. If you look at the annual report, I think that it provides some good substance there.

I also, though, do believe that from a financial accountability perspective our budget documents are quite excellent with respect to conveying to the public the basis of what we budget and what we are anticipating for fiscal sustainability. You may know that recently the C.D. Howe Institute gave us an A plus for financial reporting related to the budget documents. If you actually look at the statements on recommended practice around fiscal sustainability, it does suggest, even though these are not mandated, that the more information that you can provide the public on things like your economic capacity and your economic situation and how your fiscal piece fits into your economic piece: that's considered to be enhanced reporting. I think that our budget documents are exemplary in that regard. We have an economic section. We have an overview that provides very relevant fiscal information right up front.

What the annual report does, then, is to say how close we came to meeting our budget. I think both of those documents taken together would give you a good indication of how we report to the public.

9:00

Ms Renaud: Thank you.

Earlier you mentioned how the department measures long-term fiscal sustainability. I wonder if you could tell us how the department measures Alberta's financial flexibility.

Ms Rosen: Financial flexibility is largely a measure of: do you actually have capacity to meet any changes that might come your way that are perhaps not expected? From a financial flexibility perspective, also in the budget documents you will find that we talk about our tax room as compared to, say, for example, other provinces. Given that we actually have fairly significant tax room

as compared to other provinces, it gives us flexibility for government if they should desire to use that flexibility, if, for example, there are adverse circumstances that were not actually contemplated in the budget. I would say that we probably have more flexibility than any other province right now.

Ms Renaud: Thank you.

That's it for my questions. I'll pass over to MLA Coolahan.

The Chair: Mr. Coolahan, you have one minute.

Mr. Coolahan: Thank you. Thank you, Mr. Chair. I'd like to ask: how does the department measure Alberta's financial vulnerability?

Ms Rosen: With respect to vulnerability, if one actually looks again at the statement of recommended practices, some of the indicators associated with vulnerability, one of them is actually a measure of foreign exchange risk related to debt. We actually believe that we are not vulnerable in that regard because under our debt management practices and our policy we fully hedge when we actually invest in foreign markets. We believe that from a vulnerability perspective we're actually quite good in that aspect. I'm not saying that we're not vulnerable, but in terms of how the actual standard suggests measuring vulnerability, I think that we're doing all right.

Mr. Coolahan: Thank you.

The Chair: Thank you, Mr. Coolahan.

Mr. Barnes.

Mr. Barnes: Okay. Thank you, Mr. Chair, and thank you all for being here today, and thank you for your work on behalf of Albertans. I, too, want to start on the fiscal sustainability part. Page 24 of the annual report for Treasury Board and Finance states, "Long-term financial sustainability is crucial to Alberta's economic stability and prosperity." The Auditor General's outstanding recommendations also highlight this issue starting on page 3. But a short time ago the Parliamentary Budget Officer released an alarming report, last month as a matter of fact, that provided a strong warning that Alberta's current fiscal policy is not sustainable over the long term and deep spending cuts and/or combined with high tax increases will be required if the province doesn't change its fiscal course. I am wondering: what was your department's advice to the minister regarding this report, please?

Ms Rosen: The report is actually – I wouldn't actually characterize it as alarming. What it does is that it professes to take a very long-term outlook and actually project out to 2091. I think that anybody who is actually familiar with Alberta's economy and fiscal situation – I won't even go out 70 years; let's just say over the last 50 years – realizes that we actually have a fair degree of volatility in Alberta, a fair number of ups and downs. To take the '15-16 year and to project off that 70 years into the future as if, number one, '15-16 was a typical year for Alberta is actually kind of nonsensical to me. I don't understand the value in that kind of projection at all because it didn't even attempt to take a history of Alberta over, say, even the last decade and come out with some sort of normal trend line for Alberta and then project off that. It took us at a low point, when we were actually in a recession, and assumed that that would be our reality for another 70 years. I actually think that the public budget office did themselves a disservice in printing information like that.

Mr. Barnes: Okay. Thank you. It sounds like you disagree quite drastically with the budget officer and his suggestions.

I appreciated your answers around ratios and accurate information for Albertans, but I want to hear a little bit more about how you feel the transparency is for Albertans on the economy. I guess what alarms me when gross domestic product in Alberta has dropped from \$310 billion in 2014 to \$290 billion in 2016 – I believe it's two years in a row that the government has increased tax rates but actually received less tax revenue across the board. To me, those are alarming things and make the Parliamentary Budget Officer, when he says that drastic spending cuts or higher tax rates are going to have to take some recourse if this government stays on that path – did you make that recommendation to the minister?

Ms Rosen: Which recommendation specifically?

Mr. Barnes: That the government is going to have to look at drastic spending cuts or huge tax increases to ensure fiscal sustainability happens.

Ms Rosen: I believe that government has gone on the record as saying that they plan to bring a balanced budget in by 2023-24 through a combination of strategies but predominantly through controlling their expenditures not through drastic cuts to expenditures but actually through savings initiatives, looking at doing things differently, continuing to protect vulnerable Albertans, and bringing expenditure increases in under population growth plus inflation. I believe that a goal of balancing the budget by '23-24 is actually realistic.

Mr. Barnes: Okay. Thank you.

I believe that earlier, though, you spoke about \$400 million over budget in the annual statements. I guess, to me and to Albertans, what concerns me about the Parliamentary Budget Officer's report is the fact that it could have dramatic consequences for spending on health, education, and social programs. Those things may become unsustainable, the things that really matter to Albertans. Does your information display similar findings, and have you made that recommendation to the minister?

Ms Rosen: I just want to clarify that in my opening remarks I did say that expense was \$481 million more than the prior year but was \$488 million below budget. I do want to clarify from that perspective.

I think that it's important to understand that if we stay under the rate of population growth plus inflation, that's actually like a real cut. The public budget office does speak specifically to one particular service and its dramatically escalating costs, which is health. We've actually done a good job in prior years. Prior to the last two years health costs in Alberta have escalated at an average of 6 per cent per year. We have actually been keeping the growth in health care costs down to around that 4 per cent and then this past year to 3.4 per cent, so we're actually making progress in bending the cost curve around health.

But the public budget officer does make a great point from a perspective of how dramatically health care costs are increasing. One of the things that it kind of highlights, from my perspective, is that the federal government actually has far more capacity than do the provincial governments, yet they have taken an approach with the Canada health transfer, actually reducing that for provinces going into the next 10 years. Perhaps the federal government will learn something from the public budget officer's report with regard to their obligations around health.

9:10

Mr. Barnes: Okay. Thank you very much.

Let's switch to debt. On page 4 of the Auditor General's outstanding recommendations – the province's debt load is a key aspect of fiscal sustainability – the Auditor General notes that the consolidated debt increased from \$35 billion in 2015-16 to \$50 billion in 2016-17 and is projected to increase to over \$90 billion by 2019. Please tell me: what are the debt payments on \$35 billion, \$50 billion, and \$90 billion annually?

Ms Rosen: I will have somebody pull out those debt payments for you. I don't have those at my fingertips. But what I would like to say is that in this year our net debt-to-GDP ratio is anticipated to be 7.1 per cent, which is lower than any other province. When we move out to '19-20, with that increase in debt we're projecting that we'll be at 12.4 per cent net debt to GDP at that point in time. B.C., for example, and Saskatchewan, which are the next two lowest, will be, we're projecting, 15.8 per cent; Ontario, 37.2 per cent; and Quebec, 43.2 per cent.

Mr. Barnes: Excuse me, though. That's not what I asked. You know, I'm not dwelling on the fact that Alberta used to be debt free.

Does the department deem that the level of spending to service is sustainable? Is our debt sustainable?

Ms Rosen: Can you clarify for me what you mean by: is our debt sustainable? If you're not interested in net debt to GDP, when GDP is actually a good representative statistic around the economic capacity of the province – our debt as a portion of that is actually quite reasonable and quite sustainable, particularly given that we are on a path to balance by '23-24.

Mr. Barnes: Okay. Again, as I talked earlier, though, GDP is dropping; debt is increasing. Does your department have a goal of maximum debt and interest before it's not sustainable?

Ms Rosen: I think that it would be fair to say that the department monitors the net debt-to-GDP ratio quite closely and that if we thought that it was getting to a point where we're not sustainable, we would actually share that with government. But right now it doesn't give us cause for concern because we are the lowest across the country and will be the lowest across the country for the foreseeable future.

Mr. Barnes: Okay. But are we the fastest increase now in taking on debt? I remember a report from about six, eight months ago that our annual deficit was bigger than all other provinces combined. Does that concern you? Is that reported to the minister? Does that concern government?

The Chair: Thank you, Mr. Barnes. Would you be okay with a response in writing?

Mr. Coolahan, please.

Mr. Coolahan: Thank you, Mr. Chair. Along the same lines as what Mr. Barnes was asking, I understand that Alberta has the best debt-to-GDP ratio of all the provinces right now, but what is your department's target? Is there a target for the debt-to-GDP ratio?

Ms Rosen: We do not have a target per se. I think that if you're looking at sustainability, it's not as if that is a black-and-white concept, that today you're sustainable and tomorrow you're not sustainable. It's about taking appropriate action given the current circumstances. Absolutely, our debt has been rising quite quickly, but we also just came off a pretty significant recession, a two-year recession, so I think that part of the strategy around not making drastic cuts and not increasing taxes significantly is a good strategy

from a perspective of trying to actually encourage the growth in the economy.

I think that it's important for us to keep an eye on that ratio, to make sure that we're communicating to the Minister of Finance what that ratio is, what it means, and what it signifies with respect to our capacity moving forward. But if you're asking me, "Do we have a specific ratio in mind?" I would say no. At the point in time when we get to have the same kinds of ratios as the rest of the provinces, then perhaps it's going to be a little bit more of a concern. I do think, though, that having a plan to balance by '23-24 signifies that government wants to keep control of that net debt-to-GDP ratio.

Mr. Coolahan: Good. Thank you. Yeah. There is a significant difference between Alberta and the other provinces in that number.

Ms Rosen: Very significant.

Mr. Coolahan: Significant. I also want to ask, I guess, along the same lines: does the department have defined debt-management objectives and debt-management strategy? I think you mentioned a bit of that.

Ms Rosen: We do. We actually have a debt-management policy, and I guess that you could say that the objectives are: ensuring sufficient liquidity to meet the province's financial commitments, maintaining access to both domestic and global debt markets, and providing stable and low-cost funding for the province. Those are our objectives.

In terms of the strategies that we would consider to be important, the key risks that we have developed strategies around are liquidity risk, refinancing risk, interest rate exposure risk, foreign currency risk, credit risk, operational risk. We have a number of strategies. We have 15 strategies to actually manage those risks with respect to ensuring that we have a well-managed debt program.

Mr. Coolahan: Thank you so much, Ms Rosen.

I cede my time to Dr. Turner.

The Chair: Dr. Turner, please.

Dr. Turner: Thank you, Chair, and thank you very much to the deputy minister and the other officials for coming this morning.

These are very important discussions, and what I've heard so far is actually very reassuring. I don't think we have to tell anybody in this room that the last couple of years, particularly maybe the last three years, have been very difficult years for the province, and I really want to congratulate Treasury Board and Finance for helping Albertans get through this.

My first question actually is a matter of clarification and relates to the federal Parliamentary Budget Officer report. It's been well reviewed, but I think that if I could get the deputy minister to explain a bit more about the difference between forecasts and projections, I look forward to those comments.

Ms Rosen: In reading the report, if you actually look at the methodology that was used to project forward, there was no assessment done with respect to Alberta's past or its immediate future. They took our immediate budget, and they acted as if that were going to be the approach for the next 70 years. Basically, they took one point in time and said: if this is what you continue to do for the next 70 years, these are going to be your results.

I find that to be misleading for two major reasons. The first being that we have been signalling that it is not our intent to stay that course, that we are absolutely going to be shifting. The second

reason is: I'm not sure that anybody can credibly project 70 years into the future. When I look at not only Alberta but the world 70 years ago, how many of the things that have happened even in the last 10 years were actually even remotely conceptualized or contemplated 70 years ago? I'm not sure that the whole exercise has a tremendous amount of value, but that's just my opinion.

Dr. Turner: Thank you very much for that comment. This phone that I've just taken out of my pocket wasn't conceived of 17 years ago.

I want to follow up on some questioning from the opposition about debt. You know, there's a lot of talk about financial debt, but what about infrastructure debt? I mean, the previous government left us, in my opinion, in a massive hole, billions of dollars of unrecognized needs for repairs of buildings and roads and whole tranches of infrastructure. How can that be reflected in our sort of financial reports?

9:20

Ms Rosen: I think that it's important to actually understand and perhaps a little bit to differentiate between fiscal plan debt and capital debt. When we borrow for capital purposes, we actually get an offsetting asset, so our asset to liability at least initially is relatively evened out.

I would also suggest to you that most governments actually do have a borrowing program associated with capital because capital tends to be lumpy, and what I mean by lumpy is that, for example, it's not every year that you build a cancer hospital in Calgary or even once in every capital planning cycle of four to five years. Unless you actually want to do a fair amount of saving up so that you can then undertake a large expenditure, borrowing can actually help you to stabilize your capital program over the long term. It's not much different borrowing for provincial infrastructure than it would for a homeowner to take out a mortgage to borrow for their house because that's a lumpy expenditure for most homeowners. I think that that is fair. I also think that in terms of borrowing for maintenance, that's also fair because you want to maintain your asset or your investment in your infrastructure.

Dr. Turner: Thank you.

I'd like to go back to your opening statement and just ask for some details on it. You mentioned some changes or some effects of the pre-1992 pensions. I wonder if you could just give me some further information on that.

Ms Rosen: Yes, I can. Can you just give me one minute here?

We actually report on our responsibility for the pre-1992 unfunded liabilities for the teachers' pension plan. It actually has dropped. It was \$8.08 billion in 2016, and it's dropped to \$7.88 billion in 2017. As you probably realize, government took on the responsibility for the liability around the pre-1992 teachers' pension plan. As well, the government contributed in terms of that plan over the last three years: \$469 million in '16-17, \$465 million in '15-16, and \$456 million in '14-15.

Dr. Turner: Thank you.

The Chair: Thank you, Dr. Turner.

Okay. Because there are no independent committee members here, we are going to extend a third rotation of 10 minutes each. Mr. Panda, you have 10 minutes.

Mr. Panda: Thank you, Mr. Chair. Just for the record I just want you to know that my constituents of Calgary-Foothills are very, very, very alarmed with the likely debt of \$90 billion by 2019-20.

Those political answers are not reassuring to my constituents. I just want you to know that.

Thank you, Deputy Minister. I have a few questions for you. I'm just starting where my colleague Mr. McIver left. The new nominating committee process requests that either the minister or a delegate from the minister's office or a representative of the Premier's office be part of the nominating committee. Why is that political oversight required?

Ms Rosen: I think that it is important that we actually involve the minister's office with things that he has ultimate responsibility for. I would like to point out that even though the new process calls for that, so did the regulations that were changed. Section 6 that was removed actually called for the same participation in the nominating committee by the minister or a member of the minister's staff, so that piece was not actually changed.

Mr. Panda: Thank you. So when you repealed sections 5 and 6, did you consider that that might alarm Albertans?

Ms Rosen: I will share with you that, no, I did not, and the reason I did not is because the actual framework that was put in place had the same conditions as sections 5 and 6 and more conditions and would actually apply to all agencies, boards, and commissions; hence, sections 5 and 6 were determined to be redundant. It was just a cleanup to remove the redundant sections of the legislation. So, no, I did not think that they would be alarmed.

Mr. Panda: But blindsiding AIMCo and its clients might put \$95 billion of Albertans' money at risk, including that of more than 80,000 pensioners. Was it not a concern?

Ms Rosen: At no time did we put \$95 billion of Albertans' money at risk. At no time – at no time – did we actually interfere in any way with the operations of AIMCo in terms of the delivering of their duties.

Mr. Panda: The FOIPs that we did through our Official Opposition indicate otherwise.

Then why did you not have the conversations with AIMCo about the new process and how it would work?

Ms Rosen: We did have a conversation with AIMCo about the new process and how it would work. Their concern was that we did not have a conversation with them farther ahead of the actual change to the regulation. We had a conversation with them the same week as the regulation was changed, and they had thought that they should have been notified earlier with respect to that, and I agree with them.

Mr. Panda: Are the regulations in place for the Alberta Public Agencies Governance Act, and if not, why not?

Ms Lougheed: Sorry. Are there regulations?

Mr. Panda: Yeah.

Ms Lougheed: Yes. The regulations are in place under the Alberta Public Agencies Governance Act.

Mr. Panda: Okay. Are they completed now? Are the regulations completed now?

Ms Lougheed: Yes.

Mr. Panda: Thank you.

Were there any lessons from the way everything was handled, from this whole thing?

Ms Rosen: I'll respond to that. Yes. There were some significant lessons learned from a perspective of: we had a failure to communicate. I think that the new mandate and roles document actually lays out the expectations for both sides with respect to communications going into the future, so I think that that puts us on a good footing going into the future.

I also would just like to point out that both Kevin Uebelein, the chief executive officer of AIMCo, and myself signed a joint letter which we submitted to the Standing Committee on the Alberta Heritage Savings Trust Fund, which is the committee that we were at when Mr. Uebelein made his comments – we sent that in September of this year – whereby we both agree that the process is a good one; that technical expertise, skills, and knowledge continue to be the key requirements for all appointments; and that reflecting the diversity and strengths of our province can be accomplished without lessening competency-based criteria. Both Kevin and I signed off on that letter and submitted it to the standing committee as they had requested.

Mr. Panda: Thank you.

Now I have some questions about the Alberta Capital Finance Authority. What's the total loan portfolio for the ACFA in 2016?

Mr. Epp: The total loan portfolio is around 15 and a half billion.

Mr. Panda: Fifteen and a half?

Mr. Epp: Fifteen and a half billion.

Mr. Panda: What was the increase in the total loan portfolio from the year before?

Mr. Epp: I don't have that information in front of me.

Mr. Panda: Can you please provide it later?

Mr. Epp: Yes.

Mr. Panda: Thank you.

How is the ACFA loan support portfolio factored into Alberta's provincial debt load?

9:30

Mr. Epp: The province borrows money and then lends it to ACFA, which, in turn, lends it to various municipalities and other local authorities. The debt is fully reported in our financial statements as the province's debt, and all of Alberta Capital Finance Authority's operations are fully consolidated into our ministry and the government's financial statements.

Mr. Panda: Okay. Can you say how much of an impact on the provincial debt load?

Mr. Epp: Well, it's another 15 and a half billion dollars' worth of debt.

Mr. Panda: Okay. Thank you.

How has the debt carried by the ACFA changed in the past three fiscal years?

Mr. Epp: I don't have specific information in front of me, but it hasn't changed dramatically at all. The size of the Alberta Capital Finance Authority has pretty much levelled off. It grew rapidly in the time period from about 2004 to about 2015 as Alberta expanded

rapidly. Since then the size of the Alberta Capital Finance Authority has levelled off to that \$15 billion to \$16 billion range.

Mr. Panda: Okay. Thank you.

Has the ACFA red flagged any debt loads for specific municipalities or authorities?

Mr. Epp: The Alberta Capital Finance Authority has never experienced a loss, an actual credit loss. There have been in the past some reworks for some municipalities or other local authorities. When I say local authorities, I mean that they lend to universities, colleges, school boards, irrigation districts, all kinds of things. At this point in time they have not suffered a loss. They carry no allowance in their financial statements against losses. I do not believe that they have any particularly significant concerns about the creditworthiness of any of their borrowers.

Mr. Panda: Do you often conduct any stress tests to test their financial healthiness?

Mr. Epp: We do not.

Mr. Panda: Okay. Thank you.

I would share my time with Mr. McIver.

The Chair: Mr. McIver, you have one minute.

Mr. McIver: All right. On the benchmarks for AIMCo, in the report it talks about how AIMCo does compare to the benchmarks every year. How are the benchmarks set? What are they based on, please?

Mr. Epp: We have two basic benchmarks for the performance of the heritage fund. The first is a long-term real return of 4 and a half per cent. We believe that over the long run an endowment should be able to earn a real return of 4 and a half per cent, or, in other words, 4 and a half per cent beyond the rate of inflation.

Mr. McIver: But the benchmarks are not 4 and a half. If you look at table 1, page 5, it's 8.2, 11.6, 10.5, 7.2, 5.5. What are those benchmarks?

Mr. Epp: We also have market value based benchmarks, so how a passive portfolio would do versus how the actively managed portfolio that AIMCo manages would do.

Mr. McIver: Is it based on a thumb, or is it actually some . . .

Mr. Epp: No. For instance, for the heritage fund . . .

The Chair: If we could get that response in writing, we'd appreciate that. Is that fine with you, Mr. McIver?

Mr. McIver: If I could get that in writing, that would be fantastic, Chair. Thank you.

The Chair: Okay. Ms Miller.

Ms Miller: Thank you, Chair. Thank you, everyone, for coming. In 2016-17 the government implemented the Alberta child benefit and the expansion of the Alberta family employment tax credit last year. Could you provide an update on the amount of benefits that were paid out and on the number of families or children these benefits have supported?

[Mr. Dach in the chair]

Ms Rosen: The Alberta child benefit provided lower income families with up to \$2,750 in its first year, and in 2016-17 the government provided \$106 million in benefits to about 110,000 families with 205,000 children.

Ms Miller: Thank you.

My second question is about small business. How exactly does Alberta's tax system support our small businesses?

Ms Rosen: The government actually reduced the small-business tax to 2 per cent on January 1, 2017. It was previously 3 per cent. They reduced it to 2 per cent, and this was worth \$175 million to small-business owners in 2017-18. That is what we're projecting.

Ms Miller: Thank you.

There's a lot of talk about the Alberta advantage. Does Alberta continue to have a tax advantage, and how do we compare to other jurisdictions?

Ms Rosen: When you talk about tax advantage, it's important to understand what that means. There is probably a normal level of taxation that is required in order to actually provide a consistent level of services across the country, so for every province to provide a similar level of service. Our level of service in Alberta would be comparable to any service across the country, yet our taxes that we pay collectively would be almost \$9 billion less, \$8.7 billion less, than the next-lowest tax jurisdiction, which currently is British Columbia. If you took British Columbia's tax rates and applied them to Alberta, to our fiscal situation, it would generate an additional \$8.7 billion for Alberta. That's a fairly significant amount of flexibility and/or room.

Ms Miller: Thank you very much.

I'm going to pass the rest of my time on to MLA Rosendahl.

Mr. Rosendahl: Good morning. Thank you, everyone, for being here this morning. My line of questioning today is on how your department manages corporate taxation. I understand that you use a separate tax administration for corporate tax. Can you explain why that is and what benefits or downsides there are to maintaining that separate tax administration?

Ms Rosen: Alberta has administered its own corporate income tax since 1981 and generally parallels the federal calculation of taxable income. Because of that, Alberta is actually able to rely on the federal government for the audit of income reported by corporations. That avoids duplication of effort, so we don't have the federal government auditing and us auditing. We rely on the federal government to perform that function.

[Mr. Cyr in the chair]

The costs incurred from administering the tax program for us are offset by the net interest and penalty revenue that Alberta collects and then keeps. So if we just consider the gross interest and penalties, Alberta averaged about \$60 million per year from 2008-09 to '16-17 in net revenue from administering its own corporate tax system, net of bad debts and administration expenses.

At the same time a separate administration gives us the ability to vary from federal policy as needed to achieve provincial objectives, and a separate administration provides Alberta with better control over the timing of when provincial programs are implemented. I think that it's also important to understand that it also provides employment in Alberta. We actually have a group of people who work on corporate income tax for the province that are then employed in Alberta, which I think is an advantage as well.

Mr. Rosendahl: Okay. Well, thank you.

The next question I have is in reference to your annual report, and the page I'll reference is page 37. You talk about the recommendations you're working on with respect to the collection of corporate taxes. My understanding is that those came from the October 2014 Auditor General report. Can you tell me what steps are being taken to address those recommendations?

Ms Rosen: We actually have completed all of the recommendations and have signalled to the Auditor General that those recommendations are complete and are just awaiting the Auditor General scheduling a follow-up with respect to those recommendations. We believe that we're in very good shape with respect to those recommendations.

Mr. Rosendahl: Thank you.

The October 2015 Auditor General report issued some recommendations about unfiled corporate tax returns. Can you tell me what steps are being taken to address those recommendations that are in the report?

9:40

Ms Rosen: The first thing that I would like to say is that ensuring that the government receives all sources of old revenue is a top priority for Treasury Board and Finance, not surprisingly. Treasury Board and Finance has responded to the Auditor General's recommendations, and all of the recommendations from the Auditor General related to unfiled corporate tax returns were completed last year. We began issuing default assessments on October 1, 2015, and for 2016-17 143 default assessments were issued to 36 corporations, for a total value of \$4 million. The Auditor General is currently reviewing the implementation of the recommendations from the October 2015 report.

Mr. Rosendahl: Okay. Thank you.

I'll now turn it over to MLA Littlewood.

The Chair: Mrs. Littlewood.

Mrs. Littlewood: Thank you, Chair. Of course, we've seen a bit of improvement in the economy this year even though some Albertans unfortunately are not seeing the turnaround in the economy. But there are some indicators that are showing some recovery. I'm just wondering: last year compared to this year, what were the primary economic indicators saying last year as compared also to the last few months in terms of growth, retail activity, restaurant activity? Could you give us some numbers indicating what's been going on?

Ms Rosen: As you know, we had pronounced weakness in the first half of 2016, but the Alberta economy did start to recover in the second half alongside the improvement in oil prices. Drilling activity picked up in the second half of 2016, and it ended the year at a higher level than the prior year. Exports and manufacturing shipments rebounded from recession lows, recording year-over-year growth in the last quarter of 2016 after declines in the two years before. Housing starts stabilized, Alberta's labour market improved, and economic activity gained momentum in the first half of the year. While the pace of growth has started to moderate in recent months, the province continues to recover from the recession, and growth has actually surpassed expectations. I think that we've seen some good indicators in terms of the economy strengthening and moving forward.

Mrs. Littlewood: Thank you.

How many businesses have been incorporated between January and August of 2017?

Ms Rosen: I'm afraid I don't seem to have that information right in front of me. Can we provide you with that information?

Mrs. Littlewood: If you could try and find it for our last round of questioning, that would be appreciated.

Ms Rosen: Sure. Yeah.

Mrs. Littlewood: Also, what was the number of stable, full-time jobs that were gained since last year's low?

Ms Rosen: We recovered about 29,000 jobs since the low last year, all in full-time positions. The unemployment rate now sits at 7.9 per cent, which is 1.1 per cent down from the November 2016 high.

Mrs. Littlewood: Thank you.

What are the projected economic growth numbers for Calgary and Edmonton?

Mr. Parsons: We actually forecast economic growth for the province. [A timer sounded] Oh.

Mrs. Littlewood: I'll come back around on the next rotation.

The Chair: This is our last rotation. Are you comfortable with them getting back to you in writing?

Mrs. Littlewood: Yeah. Also, the number of businesses incorporated. That would be appreciated. Thank you.

Ms Rosen: We'll do that.

The Chair: Okay. Now we have two or three minutes at the end set aside for reading questions into the record for the department. If we could try to not machine-gun the questions. Let's try maybe one question at a time and then go back and forth between opposition and government.

Mr. Barnes.

Mr. Barnes: Thank you, Mr. Chair. The Auditor General's outstanding recommendations related to pension risk management: I understand that in your opening remarks you talked about \$10 billion in unfunded pension liability and \$9 billion of that related to the teachers. If memory serves me right, 10 years ago that was around \$4 billion. I wonder if your department has an estimate of what the unfunded teachers' pension and the unfunded pension liability will be 10 years from now.

The Chair: Okay. Dr. Turner.

Dr. Turner: Thank you. My understanding from the budget is that investment income is \$2.2 billion higher than had been budgeted. I'd like to have the details of that.

Thank you.

Mr. Gotfried: I would like to just ask a question with respect to risk management systems. In this committee, if my memory serves me correctly, we were promised that we would receive some of the updates on risk management systems in July. It's now November, so I'd like to have an update on why we have not received that yet.

I'd also like to ask from ATB: what is the total value of ATB's outstanding loan portfolio, and what percentage is in arrears or considered at risk?

The Chair: Okay. Thank you, Mr. Gotfried.

Are there any other government members? Dr. Turner, do you have a second question?

Dr. Turner: I think MLA Littlewood does.

Mrs. Littlewood: Thank you. Yesterday I had seen some numbers, 29,000 businesses being incorporated this year between January and August, and that was up 10.5 per cent from last year. I just wanted to get some verification of those numbers.

Thank you.

Mr. Panda: I would also like to know: during the same period, how many companies left Alberta, how many skilled people left Alberta? For those jobs you talked about, if I can get the details of which sector had those jobs, whether those are permanent, well-paid jobs or temporary jobs.

The Chair: Thank you, Mr. Panda. I think you've got lots in that one question.

Dr. Turner: I'd like to have the details of how many millions of dollars have been saved with the ABCs' consolidation.

The Chair: Okay. We've got time for one more question if it's brief.

Mr. Gotfried: This is directed towards AGLC. Over the past year, how much money has AGLC spent on studying cannabis legislation, education, and addiction services, and what are the AGLC's recommendations with respect to distribution of this product in Alberta?

The Chair: Thank you.

Finally, from the government is there a final question?

Okay. I would like to thank the officials from the Ministry of Treasury Board and Finance for attending today and responding to the committee members' questions. We ask that responses to the outstanding questions from today's meeting be provided in writing and forwarded to the committee clerk within 30 days.

Moving on to other business, are there any items up for discussion in other business?

Seeing none, the committee meets next on Tuesday, November 7, 2017, to hear from the Ministry of Labour. The committee meeting is scheduled from 8:30 a.m. to 10 a.m., and the premeeting briefing is at 8 a.m.

Would a member move that the meeting be adjourned? Ms Fitzpatrick. All in favour? Any opposed? Carried.

Thank you.

[The committee adjourned at 9:49 a.m.]

