



Legislative Assembly of Alberta

The 30th Legislature
Third Session

Standing Committee
on
Public Accounts

Treasury Board and Finance

Tuesday, March 22, 2022
8 a.m.

Transcript No. 30-3-1

**Legislative Assembly of Alberta
The 30th Legislature
Third Session**

Standing Committee on Public Accounts

Phillips, Shannon, Lethbridge-West (NDP), Chair
Reid, Roger W., Livingstone-Macleod (UC), Deputy Chair
Armstrong-Homeniuk, Jackie, Fort Saskatchewan-Vegreville (UC)
Lovely, Jacqueline, Camrose (UC)
Pancholi, Rakhi, Edmonton-Whitemud (NDP)
Renaud, Marie F., St. Albert (NDP)
Rowswell, Garth, Vermilion-Lloydminster-Wainwright (UC)
Schmidt, Marlin, Edmonton-Gold Bar (NDP)
Singh, Peter, Calgary-East (UC)
Toor, Devinder, Calgary-Falconridge (UC)
Turton, Searle, Spruce Grove-Stony Plain (UC)
Walker, Jordan, Sherwood Park (UC)

Office of the Auditor General Participants

| | |
|---------------|---------------------------|
| W. Doug Wylie | Auditor General |
| Brad Ireland | Assistant Auditor General |
| Phil Minnaar | Principal |

Support Staff

| | |
|---------------------|--|
| Shannon Dean, QC | Clerk |
| Teri Cherkewich | Law Clerk |
| Trafton Koenig | Senior Parliamentary Counsel |
| Philip Massolin | Clerk Assistant and Director of House Services |
| Nancy Robert | Clerk of <i>Journals</i> and Committees |
| Sarah Amato | Research Officer |
| Melanie Niemi-Bohun | Research Officer |
| Warren Huffman | Committee Clerk |
| Jody Rempel | Committee Clerk |
| Aaron Roth | Committee Clerk |
| Rhonda Sorensen | Manager of Corporate Communications |
| Janet Laurie | Supervisor of Corporate Communications |
| Jeanette Dotimas | Communications Consultant |
| Michael Nguyen | Communications Consultant |
| Tracey Sales | Communications Consultant |
| Janet Schwegel | Director of Parliamentary Programs |
| Amanda LeBlanc | Deputy Editor of <i>Alberta Hansard</i> |

Standing Committee on Public Accounts

Participants

Ministry of Treasury Board and Finance

Mark Brisson, Assistant Deputy Minister, Financial Sector Regulation and Policy

Lowell Epp, Assistant Deputy Minister, Treasury and Risk Management

Darren Hedley, Senior Assistant Deputy Minister, Treasury Board Secretariat

Dana Hogemann, Assistant Deputy Minister and Senior Financial Officer, Finance and Administrative Services

Mark Parsons, Assistant Deputy Minister, Economics and Fiscal Policy

David Stanford, Assistant Deputy Minister, Corporate Planning and Red Tape Reduction

ATB Financial

Dan Hugo, Chief Financial Officer

Public Service Commission

Ross Nairne, Assistant Deputy Minister, Strategic Services and Public Agency Secretariat

8 a.m.

Tuesday, March 22, 2022

[Ms Phillips in the chair]

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

My name is Shannon Phillips. I'm the MLA for Lethbridge-West and the chair of this committee. As we begin this morning, I will invite those participating in the committee room to introduce themselves, starting with the deputy chair.

Mr. Reid: Good morning. Roger Reid, MLA for Livingstone-Macleod and deputy chair of the committee.

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

Mr. Turton: Good morning, everyone. Searle Turton, MLA for Spruce Grove-Stony Plain.

Mr. Singh: Good morning, everyone. Peter Singh, MLA, Calgary-East.

Mr. Walker: Good morning. Jordan Walker, MLA, Sherwood Park.

Ms Lovely: Good morning, everyone. Jackie Lovely, MLA for the Camrose constituency.

Ms Hogemann: Good morning. Dana Hogemann, ADM, SFO for Treasury Board and Finance.

Mr. Parsons: Good morning. Mark Parsons, ADM, economics and fiscal policy.

Mr. Hedley: Good morning. Darren Hedley, senior ADM, Treasury Board Secretariat.

Mr. Brisson: Good morning. Mark Brisson, assistant deputy minister of financial sector policy and regulation.

Mr. Stanford: Good morning. David Stanford, ADM, corporate planning and red tape reduction, Treasury Board and Finance.

Mr. Minnaar: Good morning. Phil Minnaar, principal with the office of the Auditor General.

Mr. Ireland: Good morning. Brad Ireland, Assistant Auditor General.

Ms Renaud: Marie Renaud, St. Albert.

Ms Pancholi: Good morning. Rakhi Pancholi, MLA for Edmonton-Whitemud.

Mr. Schmidt: Marlin Schmidt, Edmonton-Gold Bar.

Ms Robert: Good morning. Nancy Robert, clerk of *Journals* and committees.

Mr. Roth: Good morning. Aaron Roth, committee clerk.

The Chair: All right. A few housekeeping items to address before we turn to the business at hand. The first thing is: can the folks joining us virtually introduce themselves? We'll start with the members, and then we'll go with the guests. I see Mr. Toor is there. Mr. Toor, would you mind introducing yourself for the record? It's coming in and out. We'll come back to you, Mr. Toor.

Is there anyone else online who can introduce themselves for the record? I'm seeing Mr. Hugo.

Mr. Hugo: Dan Hugo, CFO, ATB Financial.

The Chair: Very good. Thank you, Mr. Hugo.

I'll just note for the record that Mr. Toor has joined the meeting. When he can, when things seem to regularize themselves, he can introduce himself for the record.

We will continue now. Our microphones are operated by *Hansard* folks. It's been a while since we've been in the room; you don't need to press the button. For those participating in the meeting virtually, if you wish to be placed on a speakers list, put that in the chat or send an e-mail or a message to the clerk. For those participating via videoconference, please turn your cameras off until you wish to speak. Obviously, set your cellphones and devices to silent. In this room, as elsewhere, masking is optional for members and guests.

We have Mr. Toor, whose camera has come up. I also see Ms Armstrong. Please go ahead, folks.

Ms Armstrong-Homeniuk: This is MLA Jackie Armstrong-Homeniuk, Fort Saskatchewan-Vegreville.

Mr. Toor: Good morning. MLA Devinder Toor, Calgary-Falconridge.

The Chair: Very good. Thank you, friends.

We'll now move over to the approval of the agenda. Are there any changes or additions to the agenda? I'll just look to the room for any changes or additions.

Seeing none, I'll ask that someone move that the agenda for March 22 be approved as distributed. I will have Mr. Turton move this agenda. Is there any discussion on this motion?

Seeing none, all in favour. Are there any opposed? Thank you. That motion is carried.

We'll now move on to approval of the minutes. We have minutes from the January 26 meeting. Do members have any errors or omissions to note?

Seeing none, I'll look to the floor for a motion that the minutes of the January 26 meeting of the Standing Committee on Public Accounts be approved as distributed. Moved by Mr. Singh. Any discussion on this motion?

Seeing none, all in favour? Are there any opposed? Thank you. That motion is carried.

Friends, I have just an item of business here for the CCPAC-CCOLA conference, as it is called. It is the Canadian Council of Public Accounts Committees and the Canadian Council of Legislative Auditors. It is being hosted this year by the House of Commons Public Accounts Committee and the Auditor General of Canada. You will recall that this particular conference was held virtually and hosted by Alberta this year – or last year, I suppose – and before that by the province of British Columbia. The historical practice of the committee has been for the deputy chair and the chair or their designates and two staff members from the LAO to attend the conference. In the case that other members are wanting to attend the conference, they would have to cover the cost of travel, accommodation, and conference fees.

The committee will need to authorize the attendance of delegates from Alberta's Public Accounts Committee to the conference. If a member would like to move a motion to that effect. A possible motion could be that

the Standing Committee on Public Accounts authorize the deputy chair and the chair of the committee or their designates and up to two staff from the Legislative Assembly Office to attend the 2022

annual conference of the Canadian Council of Public Accounts Committees and the Canadian Council of Legislative Auditors.

That has been moved by Mr. Rowsell. Thank you. The motion is up on the screen for folks to review and for those online. Is there any discussion on this motion?

Seeing none, all in favour? Very good. Any opposed? Okay.

That motion is carried.

We will now move on to our guests from the Ministry of Treasury Board and Finance, who are here to address their 2020-2021 annual report and their outstanding recommendations from the office of the Auditor General. We will now begin our in-session, two-hour meeting, friends, so that means that the ministry opening remarks should not exceed 10 minutes.

Please, officials, your time starts when you start talking.

Mr. Hedley: Thank you, and good morning. First, I would like to pass along regrets from Deputy Minister Mentzelopoulos as she is feeling ill today.

I appreciate this opportunity to discuss the Treasury Board and Finance 2020-21 annual report and the outstanding recommendations from the Auditor General. I'll begin with a brief overview of the key financials from the report and then move on to an update of our work to improve the government's cash management processes. I'll then provide an update on recommendations from the office of the Auditor General to Treasury Board and Finance and the Public Service Commission and provide a brief update on the work of communications and public engagement.

As you know, Alberta faced unprecedented challenges during the 2020-21 fiscal year. The sustained volatility in the energy sector, the global economic recession, and the impact of the COVID-19 health restrictions meant that the government had to respond quickly to a changing situation and often make difficult decisions. The ministry's 2020-21 financial reporting reflects these economic and public health challenges as well as our work to support economic recovery in Alberta.

In 2020-21 ministry revenue was \$25.2 billion. This was about 9 per cent less than budget. Corporate income tax revenue was lower than expected due to economic effects of the COVID-19 pandemic as well as the oil price shock driven by the OPEC dispute. Personal income tax revenue was lower than expected due primarily to pandemic-related impacts to employment in 2021, which shrunk household incomes.

We also saw lower than expected revenue from tourism and cannabis sales. Other tax revenue was also lower than expected, in part because of lower than anticipated tobacco and fuel consumption. Net income from government business enterprises was \$597 million lower than budget due in part to ATB Financial loan losses related to the pandemic.

In addition, AGLC's net income was \$545 million lower than anticipated, primarily due to decreased gaming sales throughout the year. Total expenses for the ministry were \$533 million, or 11 per cent, under budget. Expenses year over year were also higher due to a range of factors, including corporate income tax allowance adjustments, debt-servicing and investment management costs, higher than anticipated costs related to AIMCo's third-party investment management fees for the heritage fund and external pension plan clients as well as debt-servicing costs. Other expenses were related to late filings after rebate and tax credit programs ended. In terms of year-over-year results, revenue was 3 per cent lower than in 2019-20.

I'll now move on to the recommendations from the office of the Auditor General. We received no new recommendations in 2021 and continue to make progress addressing 14 outstanding recommendations. In fact, work on five of these outstanding recommendations

has been completed, and the office of the Auditor General will conduct a follow-up audit, scheduled to take place this year.

We have also advised the Auditor General's office that we will have an additional three recommendations ready for follow-up audits this summer, two related to capital planning and one related to reporting performance analysis.

8:10

As mentioned off the top, as part of Budget 2019 we developed a new integrated treasury management system in response to a recommendation from the Auditor General to improve the government's cash management system. A new cash pooling structure will replace an outdated and administratively complex cash management system. The new structure will improve cash management processes across government by pooling surplus cash to reduce debt.

The new government enterprise resource planning software, 1GX, was implemented in 2020 and has made the government's cash management more effective. The integrated nature of the system has strengthened bank account management and administration, liquidity and cash management, short-term forecasting, and treasury payments, and 1GX is assisting the government in the use of leading banking practices. The government also compares fees among financial institutions to ensure that the government receives competitive pricing. We have also identified a payment strategy as part of transformational work across government to standardize payments and cost recoveries between government entities. We anticipate recommendations related to the economy and efficiency of cash will be fully addressed by 2023, assuming that necessary legislation is passed.

Representatives from the Public Service Commission, or PSC, are here to take questions related to their recommendations, and I will address those recommendations now on behalf of the Public Service Commissioner. In 2018 all human resource staff and services were consolidated under the Public Service Commission. In 2020-21 the PSC underwent a reorganization to establish a more integrated and streamlined service delivery model. This model is more responsive to the needs of client departments. These structural changes better positioned the PSC to provide critical policy and program development across the Alberta public service in key areas, including labour and employee relations, occupational health and safety, and workforce policy.

The focus in 2020-21 was on ensuring timely and effective service delivery to clients in these key areas during the pandemic response. In addition to that work, the PSC played an integral role in supporting the implementation of 1GX. The PSC also supported actions to reduce barriers by providing programs and training that help ensure employees are fostering a positive workplace based on respect, inclusion, and service excellence.

I would like to take a moment to address the Auditor General's recommendations on public agency board member recruitment and selection. The report identified processes to strengthen in four specific areas: improving the use of board succession plans and reappointments; improving guidance on the use of professional recruitment services; strengthening guidance for recruitment, screening, and selection processes; and improving information systems used to track competitions and appointments and measure and monitor upcoming and existing board vacancies.

I am pleased to advise that the PSC has fully implemented the first three recommendations and are ready for a follow-up audit on those items. On the final item, related to improving information systems, they have provided the Auditor General with an implementation plan which outlines key risk areas, actions, and the time frame for implementation. Other remaining recommendations

are all at various stages of response, with most related to economy and efficiency of cash management.

Treasury Board and Finance also encompasses communications and public engagement, or CPE. CPE provides communications, public relations, and marketing services to government ministries and the government of Alberta as a whole. Like all government divisions, CPE is focused on operating more efficiently. Reductions in staff numbers and operating costs continued at CPE in 2020-21 through attrition and reorganization. Not including \$5 million in spending related to Alberta's recovery plan, CPE's regular operating spending has decreased by \$5.9 million, or 16 per cent, since 2017-18.

Demand for CPE services was significant throughout 2020-21 in the face of the global pandemic and continued as the fiscal year ended. Two-way and direct-with-Albertans communications channels were deployed to an unprecedented extent by CPE in 2020-21. This included providing necessary information and responding to Albertans' questions and concerns on the public health emergency through social media, news, news releases, telephone town halls, community outreach, and, where appropriate, paid advertising. More than 2,000 creative assets for pandemic advertising were developed, and CPE executed a complex advertising campaign that generated 1.7 billion impressions. In addition, there were 92 town hall events and triple-digit increases in social media users, followers, and subscribers.

In 2020-21 Treasury Board and Finance responded to global economic and public health challenges and supported the government's work to position Alberta for economic recovery. Our ministry plays an integral role in Alberta's recovery plan, supporting businesses in the province, creating an environment that attracts investment across a broad range of sectors, and helping Albertans keep more money in their pockets during a time of increasing costs. We will continue this important work on behalf of Albertans and Alberta businesses.

Thank you. I, along with my colleagues, would be pleased to answer your questions.

The Chair: Thank you, Mr. Hedley.

Now we will have five minutes of opening remarks from the Auditor General's office should they wish to provide any.

Mr. Ireland: Good morning, Chair and committee members. It's good to be with you today. I'll take a couple of minutes to highlight our outstanding recommendations relating to the ministry. Then I'll briefly summarize our audit work on the financial statements and financial transactions within the ministry.

There are 14 outstanding recommendations from our office directed at Treasury Board and Finance, covering a number of topics. Of the 14, management has indicated that five, related to pension risk management and board appointments, are fully implemented. Work is currently under way to follow up on those five recommendations. For the remaining recommendations, we continue to work with management on their implementation plans, and we'll follow up with those recommendations when management informs us they've been implemented.

In terms of our financial statement audit work we also issued clean audit opinions on 30 financial statements in the ministry, including the province's consolidated financial statements, ATB Financial, AGLC, AIMCo, and various other agencies, regulated funds, and pension plans. We also completed audit work at the Department of Treasury Board and Finance on financial transactions to support our audit opinion on the province's consolidated financial statements.

With that, Chair, I'll close and turn it back to you. Thank you.

The Chair: Thank you, Mr. Ireland.

We will now move on to our first rotation, which is the Official Opposition, at 12 minutes. We have Ms Pancholi to begin.

Ms Pancholi: Good morning, everyone, and thank you all for being here today and to take questions from this committee. I appreciate it very much. Historically the Premier has referred to the process of deindexing the personal income tax system as pernicious and an insidious tax grab. He's also called it a tax on inflation, and frankly this is a situation where I a hundred per cent agree with the Premier about that. I have a few questions about the decision of this government to deindex personal income tax.

As of the end of fiscal year 2020-21 can the officials tell this committee how much more the government collected and how much more Albertans paid because of the decision to deindex the personal income tax brackets?

Mr. Parsons: Morning. Mark Parsons, ADM, economics and fiscal policy. I'll take that question. The estimates around the indexing decision are provided in Budget 2019, and those estimates – just to be clear, the decision to deindex the personal income tax system reflected a review of the tax system and the existing personal amounts, which are significantly higher than other provinces, in addition to the overall broader tax advantage. The deindexing starting after Budget 2019 is estimated to reduce what we call tax expenditures, because that's how we report them, by \$20 million in 2019-20 and about \$98 million in 2020-2021.

8:20

Ms Pancholi: Thank you for that. I appreciate that. So \$98 million, I believe, is what Mr. Parsons indicated for the 2020-21 year.

As we know, obviously, we've all experienced the pandemic and gone through it over the last two years, as well as we all saw, I think, that economists were speaking about the impact of inflation and the rising threat of inflation long before it's hitting us now at record levels. I believe we're at the highest level of inflation in over 30 years. But this was coming last year, and we certainly heard a lot of economists talking about it. Can officials tell us how much of the government's deindexing of the personal income tax system and so many other systems was set to save through the end of the Budget 2020-21 three-year fiscal plan? We knew inflation was coming. How much was it seen that this deindexing would save or at least would generate revenue for the government throughout the three-year fiscal plan?

Mr. Parsons: Just a clarification question. Is that specifically about personal income tax?

Ms Pancholi: Yes.

Mr. Parsons: Yeah. The estimates – we added the \$20 million in '19-20, \$98 million in '20-21, and \$196 million in '21-22.

Ms Pancholi: Thank you. I appreciate that. As we see, it does appear that the – there's significant revenue that's been generated as a result of the decision to deindex the personal income tax brackets, and that's really coming at a time when the purchasing power for Albertans, their wages and their salaries, has decreased because of the rising cost of inflation.

I'd like to turn now to a number of benefits that are offered from the government of Alberta that continue to be deindexed through fiscal year 2020-21, and I'm interested in the perspective from the ministry in terms of their analysis of some of those – the results of deindexing some key benefits. Now, I understand that some of these benefits are administered by other ministries, but certainly Treasury

Board and Finance would be responsible for sort of the oversight of the economic impact and the fiscal impact of deindexing certain benefits.

Again, this was a pandemic year during 2020-21. Obviously, we all knew that a lot of Albertans were struggling to make ends meet, whether through loss of employment or limited employment or various other impacts, and of course the prospect of inflation, once again, was rising, and it has now been realized. I didn't see in the annual report for Treasury Board and Finance any indication of sort of an analysis that was done on how certain benefits were going to be impacted by the rising cost of inflation. For example, I'd ask the ministry officials if they can comment on – you know, as inflation was predicted to rise in this fiscal year, did the ministry do any analysis on how the value, for example, of the Alberta child and family benefit would be eroded as it was not indexed to inflation? Was any analysis done of that, the purchasing power of that benefit, and if so, what was the analysis?

Mr. Hedley: Thank you for that question. Maybe I'll start off in terms of the answer on the impact of deindexing and what considerations were taken into place. Part of what government has responded to over the past number of years is that – the analysis of work first conducted by the MacKinnon panel was that spending in Alberta was higher than most other comparative jurisdictions in a lot of those key areas, similar to AISH and other programs, so Alberta has kept spending relatively flat in trying to get back down to within the range of spending of comparator provinces.

With regard to the Alberta child and family benefit that benefit was introduced in July 2020 and targeted more benefits to lower income families, with some families now obtaining up to 15 per cent more in benefits. Just as an example, a working family with four or more children can receive up to \$5,120 tax free through the Alberta child and family benefit. The amount depends on the family's income and number of children under the age of 18.

Ms Pancholi: Thank you for that. I am familiar with the benefit and the changes that were made that took effect in July 2020. As you've indicated, those changes took effect. What was not mentioned, for example, was that the changes that the current government made around that benefit actually resulted in more families being cut off the benefit as well as receiving less benefits. For example, a family of two children, a two-parent family, that is right at the poverty line under the new Alberta child and family benefit actually receives \$500 less now under that benefit than it did prior to. This was an analysis done by the University of Calgary School of Public Policy. So the ADM is correct that those changes were made and that some lower income families received more benefits; however, more families at the poverty line actually received less, and more families were no longer eligible.

My question was around – so now families even at the poverty line are earning \$500 less than they were before. They were going through the pandemic the same as other Albertans, and there was a rising cost of inflation. What I'm asking is: did the ministry do any analysis of the effect of inflation and the changes that were made by this government to that benefit on the purchasing power of families at the poverty line?

Mr. Hedley: I'll turn it over to Mark Parsons here.

Mr. Parsons: Okay. Well, thank you for the question. The question is specifically about the child and family benefit. When we analyze the tax system and all of the supports available, we look at everything that's in place. The other thing to highlight is that inflation, as you mentioned, has picked up more recently, but in the pandemic year

it was actually 1.1 per cent. That's the year we're talking about, 2020-2021.

When you look at our overall tax system and we specifically compare – we have detailed tables in each of the budgets comparing how much taxes Alberta families pay in Alberta relative to other provinces. Across all income levels there's a significant advantage, including low to middle income. Part of that, of course, is the absence of a sales tax, but another big part of it is the highest personal amount that you can earn tax free. It is much higher in Alberta than it is in other provinces, so sort of looking at this from a policy perspective, we take all those factors into consideration.

Then on top of that, gearing more to the child and family benefit, which was phased out at higher income rates before – now it phases out at lower income rates, but the benefit amount was increased for the lowest income families. So in that case, for the very low income, they actually received more than they did before.

Ms Pancholi: Thank you. It seems, based on these responses, that no analysis was actually done of how the purchasing power or the ability for families who were receiving this benefit may have been altered during this 2020 fiscal year. That's what I'm taking from this response. I understand how the benefit works. The question was whether or not the purchasing power – an analysis was done about those existing benefit rates and what the impact would be on those families who are at the poverty line, who are earning less, so those were still low-income families. That was my question.

I will take that one step further to ask the similar question around whether the ministry did an analysis of how much in real purchasing power did an AISH recipient lose throughout this fiscal year, 2020-21, by the end of the year. With your projections, how much were they set to lose throughout the three-year fiscal plan? It's a similar question. Was an analysis done of how the deindexing of AISH would impact those recipients in the fiscal year of 2020-21 in terms of their ability to purchase with that reduced benefit?

Mr. Hedley: Well, as Mark spoke to already, again, with Alberta's tax system there's a higher personal exemption than most other jurisdictions. With the AISH program, as I mentioned, we are the highest in providing benefits when we first started this, and we're trying to get that down to more of the average of other provinces. That's where the government has focused, again, bringing us more in line with those other jurisdictions.

Ms Pancholi: Thank you. I'm going to ask the ministry to table with this committee their assessment of their statement, which we've heard repeated by the Premier, that AISH in Alberta is the highest benefit received in the country. It's my understanding that that's not accurate, but if you can table with this committee in writing the ministry's assessment as to how AISH is the highest benefit received in the country.

8:30

Once again, I understand the tax system. I understand the overall policy plan. What I'm asking about, though, is the purchasing power that went down for individuals and families receiving the Alberta child and family benefit as well as the AISH supports and, I'm going to now add, those seniors receiving the seniors' benefit. All three of those benefits reduced in real value over this fiscal year. Even though we know that inflation has started to pick up significantly right now, it was already rising at that point, and there were all kinds of economic indications that it would. Did the ministry do any analysis on these three benefits – Alberta child and family benefit, the AISH benefit, and the seniors' benefit – as to how individuals receiving those benefits, their purchasing power would be reduced? So far I'm hearing an explanation over all the

tax policies and the overall system and the MacKinnon report. What I'm asking is: did anybody in the ministry analyze those benefits and understand the diminished purchasing power of those benefits given the economic situation of the fiscal year under consideration?

Mr. Hedley: Again, we'll get back to you on some of that analysis, but the focus was on getting the benefits more in line with other provinces.

Ms Pancholi: Okay. Thank you. So what I'm hearing, then, is that during the fiscal year under consideration the focus was on bringing those benefits, as is indicated by the ADM, in line with other provinces; it wasn't, in terms of looking at it, as to whether or not it was a suitable amount or an appropriate amount for the Albertans who are receiving it, what their ability, for example, on AISH is to pay their rent, purchase food, provide supports for their children. It was about bringing those benefits down to a perceived level about what was appropriate compared to other jurisdictions.

Mr. Parsons: Maybe I'll just elaborate a little bit. We, obviously, look at all factors impacting the Alberta economy, including inflation, on everything. When we review the tax system and other benefits, it's very clear not only through the tax advantage across all income groups but also on some of these measures that Darren referred to, with AISH and the seniors' benefit, that the amounts were higher. Despite, you know, bringing overall spending in line with other provinces, they're still protecting higher benefits relative to other provinces.

Other things that we look at, of course, are things like housing costs, which according to the RBC affordability index are – you know, Alberta has the most, on average, affordable housing market in Canada.

The Chair: Thank you to the officials.

Actually, just to clarify, I provided false information, inaccurate information. It is not a 12-minute block; it's a 15-minute block, friends.

We are now in the first rotation of the government side for 15 minutes. Mr. Rowswell, please.

Mr. Rowswell: Thank you, and thank you, guys, for coming today. I'm going to focus on red tape reduction. I know this is a personal interest of mine. It's one of the reasons I decided to try to get into politics, you know. In various businesses that I was involved in, we had to deal with red tape. Some of it made sense. Like, you could see the logic behind it. Some didn't and seemed repetitious, so I'm glad that this got focused on coming into this term.

Red tape reduction. Page 21 of the annual report mentions that the government of Alberta has successfully completed over 400 red tape reduction initiatives since beginning this mandate, many of which are based on recommendations from Albertans and the industries that they pertain to, so obviously you went out and talked to the people that were impacted by it. Page 16 explains that the government of Alberta has cumulatively reduced 15.7 per cent from its baseline count of regulatory requirements. It also explains that the initial target for 2021 was 12 per cent. I was at a town hall one time and someone asked me about the specific red tape reductions to their industry, and of course, you know, there were so many. I'm just wondering. Where would a person find that, just as an initial question, if they wanted to see what impacted their industry directly?

Mr. Hedley: Thank you. Thank you for the question. I'll hand it over to my colleague David Stanford.

Mr. Stanford: Yes. Thanks for the question. I think that one of the main ways that Albertans can find out about the red tape initiatives

specific to industries is to look at the two annual reports that we've released so far. I think the first one was in November 2020, and the second one was November last year. They go through, in some detail, both the approach that we are adopting in Alberta to reducing red tape but also go over some key highlights and achievements.

Also, recently we have been providing additional information on the cut red tape website – so that's alberta.ca/cutredtape – on specific industry initiatives and how they benefit those industries. In addition, on that website there are opportunities to raise issues of ongoing concern to industry through a reporting mechanism, which goes to the associate minister for consideration and then can be forwarded throughout government for action.

I'd say that they're the primary mechanisms. I know that there's a very active effort as well to ensure that red tape initiatives are communicated back to stakeholders. There's a very active work on behalf of the associate minister to engage with industry associations, municipalities, specific businesses to communicate what has been achieved and how it impacts them.

Mr. Rowswell: Okay. Thank you. Great. I'll pass that on.

Later in the annual report page 22 explains that Treasury Board and Finance had to work with ministries to develop the second Red Tape Reduction Implementation Act and actually cut red tape. You had talked a little bit about it, but how does the ministry identify opportunities to reduce red tape? Is it just strictly input from outside, or did you have some thoughts in your head as well?

Mr. Stanford: Yes. That is a good question. I think that there are a couple of ways. The first thing I'd stress is that what TBF does and what the associate ministry does is lead and co-ordinate efforts, acting as a centre of excellence guiding other ministries in regulatory reform efforts. Each ministry then takes it upon itself to identify opportunities for reducing red tape, supported by Treasury Board and Finance. I would say that there are two ways in which red tape opportunities are identified by ministries.

First, I would say that since red tape reduction has been prioritized by government, ministries have been undertaking a very, very comprehensive process of internal review of all of their policies, regulations, forms, and suchlike to identify opportunities for red tape reduction, improved approaches to regulatory design, removing unnecessary burdens imposed upon individual Albertans, businesses, or suchlike. There's been a very significant internal process that's been undertaken.

In addition to that, what is largely emphasized as a necessary ingredient to an effective effort on red tape reduction is ensuring that there is an ability for businesses, individuals affected by red tape to fit into the government's efforts, so in addition to the internal work, we have got nine industry panels set up. These industry panels really reflect a good cross-sector of Alberta's economy, including not-for-profits, oil and gas, agriculture, forestry, a number of manufacturing sectors, small business, tourism, and through that panel process – we meet regularly, twice a year usually, with most of those panels, sometimes more if there are specific issues – they highlight their key priorities in terms of regulatory reform and red tape reduction. Then, in turn, those inputs are circulated to departments for action, and then departments can review those and determine appropriate courses of action with respect to how to further reform the regulatory environment and reduce barriers to business and Albertans.

Those are the two pieces that I think are most significant in terms of identifying opportunities. The other piece – sorry; I should say that this one is of equal importance – is the ability for individual Albertans to submit ideas. That was established through the alberta.ca/cutredtape website. Albertans can very easily click on a

link to send detailed suggestions on how to reduce red tape, and those are then dealt with, circulated to ministries that are capable of actioning those, and if it's broader than that, requiring action or consideration by a number of ministries, then we can facilitate that given our leadership role here in TBF.

8:40

Mr. Rowswell: Great. Thanks. Now, like I mentioned earlier, you know, there are good regulations, too; they're not all bad. I'm just wondering: how do you ensure that red tape reduction doesn't lower the regulatory standard, that we're not hurting ourselves and getting rid of good regulation?

Mr. Stanford: Yes. I think that that's a really good question. There are a number of elements. I would say that primarily government is guided by the legislation that was implemented in 2019. The Red Tape Reduction Act does include several principles with respect to how regulatory reform and regulatory modernization should be pursued. One of those is an emphasis on protecting certain principles. Health, safety, environmental protection, fiscal sustainability are all highlighted in that.

As I mentioned before, TBF plays that leadership role in co-ordinating the effort, and one of the things that we do in providing guidance to ministry colleagues working on the red tape reduction initiative is to communicate regularly about what those principles are and how they should be implemented. A key focus of those communications is an emphasis on not removing necessary protections and, rather, focusing on areas where there are duplicate requirements, unnecessary burdens imposed.

However, I would say that another feature of the government's approach, which is also highlighted in that legislation, is an effort to shift to an outcomes-focused approach to regulatory design. A lot of the work in ministries, again, supported by TBF, has been to identify not just opportunities where requirements should be removed but also to identify opportunities where regulatory design can be reformed. Rather than prescribing how you must comply with a regulation, regulatory design is focused much more on the outcome that is desired. With that approach to an outcomes-focused, outcomes-based design of regulation, the intent there is to ensure that protections are maintained, those critical protections that you mentioned – health, safety, environment, fiscal sustainability – but the costs of complying and achieving them are much lower, and that's got quite broad benefits to business and to Albertans. We're seeing several examples now where that approach has been applied in Alberta very, very, very successfully, you know, some of them even within our own ministry.

The AGLC has been undertaking some reforms as well as some of the legislative reforms in support of regulatory modernization in the gaming, liquor, and cannabis sector. Things like allowing restaurants to serve takeout liquor sales is an example of an outcome-based approach because it was an unnecessary burden. Protections are still maintained in terms of ensuring that consumers are over the age of 18, that they're consuming responsibly, all of those sorts of things, but also enabling better outcomes for business, in this instance restaurants that were struggling during the pandemic. I think it is a very, very good example of an outcomes-based approach to regulation, where you look at how the regulation is designed, determine whether it's actually meeting the objectives of government through that regulation, and then taking an alternative course as necessary.

Mr. Rowswell: Good. Yeah. You've kind of answered some of my next questions relative to, you know, some details on how Albertans have directly benefited. I guess the people who are involved, like

the businesses and stuff that are involved in the red tape reduction themselves, but then it benefits Albertans at large. Do you have a feel for that at all, how Albertans at large would benefit from this?

Mr. Stanford: I think that that's a good question. I think that, particularly in the pandemic year, one of the things that is most apparent was that the shift in the red tape reduction efforts then moved away from the everyday to one that was more focused on a crisis response as those significant impacts occurred. What we saw at that time was ministries shifting their attention to things that actually required reform, immediate reform, and many of those will now become permanent features of our regulatory system.

The liquor example I provided is one. It doesn't appear that there's any likelihood that it will change the ability to get off-sales from restaurants and suchlike, but numerous other examples abound. A shift to more online services, availability of more online government services, the ability to see doctors remotely: that was enabled much more easily through regulatory change and systems change.

Then all sorts of things: enabling online signatures rather than wet signatures or hard signatures on government forms and documents, enabling additional registry services to be accessed online, removing the need for members of certain boards and committees to attend in person but enabling remote participation and it still having the effect of a formal meeting. All of those types of reforms are things that were advanced during that pandemic year, with, I think, very significant benefits.

I note that for many, particularly in rural or remote areas, the ability to access services and participate in meetings of committees and things like that was already quite a significant burden even in the absence of the pandemic. I think that these types of reforms facilitated greater connectivity. That is a very, very tangible impact to individual Albertans.

Mr. Rowswell: Great. I want to highlight what I see on page 22 because I think it is really a telling sign of what the government has managed to do regarding red tape reduction during its mandate. The report mentions that the CFIB issues a report card each year on how provinces are doing relative to red tape reduction and just the problems that occur in the economy. Your ministry has chosen to make this a performance indicator for 2021, and from what I see, Alberta has been doing pretty good. In fact, it improved the most of any provinces, so I think it goes without saying that we're doing okay. We're heading down the right path relative to these guys. Can you outline some of the changes to legislation implemented by the Red Tape Reduction Implementation Act that Treasury Board and Finance helped develop?

Mr. Stanford: Yeah, I certainly can. In the fiscal year that we're talking about, there were two separate Red Tape Reduction Implementation Act bills. There was one in the spring of 2020 and one in the fall of 2020. In spring 2020 there were 14 sets of amendments from six ministries. Treasury Board and Finance's role, to be clear, is one of co-ordination here, working with departments to pursue those regulatory modernization initiatives and then co-ordinating the legislation through the decision-making process.

The spring legislation included reforms to the Marketing of Agricultural Products Act to speed up approvals and to the Mines and Minerals Act to delegate certain authorities, reduce internal speed of approvals.

The Chair: All right. Thank you.

We will now move on to the second rotation, which is the Official Opposition for 10 minutes.

Ms Renaud: Thank you, Madam Chair. Before I get to my questions about corporate income tax, I just wanted to follow up on a couple of things that my colleague touched on about AISH, about deindexing AISH. One of the things I just wanted to clarify is that officials agreed to table the information that they use to repeatedly make the claim that AISH benefits are the most generous in Canada. Is that correct? Will that be tabled?

Mr. Parsons: Some of that information, I believe, is tabled in the sense that it's included in the fiscal plan 2020-2023.

Ms Renaud: Well, actually, it's just more of a statement. It didn't really explain sort of what other benefits are being compared and from which locations and how that statement was arrived at. So if there are any kind of working documents that were used to come up with that statement, that would be, actually, most helpful.

Mr. Parsons: Just to be clear, on page 133 of the budget the comparison is getting AISH or an AISH equivalent. That is my understanding. We can follow up if needed, but I think the attempt there was to compare similar programs that other provinces have.

8:50

Ms Renaud: Right. For example, similar programs in the Northwest Territories and the Yukon do offer disabled residents more benefits than AISH. I would just like some clarity as to where that statement comes from. That would be helpful. Thank you.

My other comment. I understand, you know, that for Treasury Board and Finance, looking at the work that you're doing, your evaluation might be different than people in Community and Social Services. But I thought that there was some real learning that happened a while back, when the Auditor General's office noted that there were some inherent dangers in not consulting with sort of ministry officials at Community and Social Services for things like changing AISH payment dates, that there were some unintended consequences and harms caused to people. My question really sort of piggybacks on what my colleague said. Was there any kind of analysis or risk assessment done before deindexing AISH benefits, specifically AISH and income support benefits? I guess we all see inflation just escalating, skyrocketing. Was there any other subsequent assessment or risk assessment or communication with Community and Social Services just to avoid the issues that we saw before?

Mr. Hedley: Thank you for the question. In terms of that, items such as those are consulted on with the ministries that are impacted. In most cases Treasury Board invites those ministries to have those discussions with the board in terms of the implications and discussions around what the impacts are. So, yes, those discussions . . .

Ms Renaud: So there was a risk assessment completed before deindexing AISH benefits. Is that correct?

Mr. Hedley: The risk assessment would be expected to be done by the department, and the department would be communicating with ourselves and with Treasury Board on . . .

Ms Renaud: So the Ministry of Community and Social Services would give the risk assessment results to Treasury Board and Finance prior to a decision being made?

Mr. Hedley: That would be the expectation in terms of: what are the consequences or impacts?

Ms Renaud: So did that happen?

Mr. Hedley: I was not there at the time, but that is the way the process works.

Ms Renaud: Okay.

Mr. Hedley: I would say, with a high degree of confidence, that that would have occurred.

Ms Renaud: Would you be able to get back to the committee and verify that that was done and perhaps table those results with the committee?

Mr. Hedley: While I answered the question that that work would have been done as that's deliberations of Treasury Board, I cannot commit to providing that.

Ms Renaud: "Would have been done" and "was done" seem a little different to me, but maybe I'm incorrect about that.

Mr. Hedley: What was done and . . .

Ms Renaud: What would have been done or was done are two different things. I'd just like clarity.

Mr. Hedley: What I'd say, and maybe to provide more clarity: the standard practice is that ministries provide their submissions, respond in terms of the implications and the analysis of that. I would again say, with an extreme, high degree of confidence, that that would have taken place.

Ms Renaud: Okay. Well, I'm glad that there's a high degree of confidence. I'm just, again, asking these questions because I think we all can agree that there were some fairly serious unintended consequences. When AISH payment dates were changed without consultation, thinking it was an accounting change, it actually ended up harming people all over the province. That's why I'm sort of focused on this, just for clarity, to find out: did that happen, and what were the results?

Mr. Hedley: The ministry was consulted in terms of the date change.

Ms Renaud: Well, no. I'm talking about deindexing.

Mr. Turton: Point of order.

Mr. Hedley: Well, you did mention the timing, so I just answered that question.

The Chair: Yes, Mr. Turton.

Mr. Turton: Yes. Thank you very much. A point of order under 23(b). You know, while I appreciate that the member's questions are involving in a great deal Children's Services, I haven't heard page references to the business plan with TBF. I haven't seen any reference to the department that's actually before us here today. I mean, every ministry deals with every other ministry. While I appreciate that the member's questions would more likely be answered by Children's Services, I just think the hundreds of people watching on television today would probably be very much more interested in the actual business plan in the past by TBF. I would just ask that the member stay focused on this particular ministry, that's here before us today.

Mr. Schmidt: Well, Madam Chair, of course, this isn't a point of order. We know that all of the questions that my friend from St.

Albert has been asking are directly related to the work that Finance and Treasury Board did in the fiscal year under consideration.

Moreover, I don't think we're going to take any lectures from the government side on what the public is interested in since we just heard a 15-minute rant waste of time regarding red tape reduction. This is well within the purview of the committee, and this is not a point of order.

The Chair: Thank you to both hon. members for their interventions. I will not find a point of order at this time, but what I will say is that the member should make reference to, as the Member for Spruce Grove-Stony Plain helpfully points out, page numbers or other references to the ministry annual report and/or previous documents or findings of the Auditor General in the case of the reference to the findings of the Auditor General for Community and Social Services.

With that, please, hon. member, continue.

Ms Renaud: Thank you. I'm going to move on. I'm going to talk about corporate income tax. Effective June 1, 2020, the government reduced the corporate income tax rate to 8 per cent. Before this decision the Premier stated – and this was replicated in the budget – that the corporate income tax cut would create 50,000 jobs. He also said that decreasing the rate faster would create even more jobs. Let me begin with some questions specifically about that.

According to Treasury Board and Finance estimates how many jobs were directly created by the corporate income tax cut in 2019-20, and then how many jobs were directly created in 2020-21 by the end of the fiscal year?

Mr. Hedley: I'll turn it over to my colleague Mark Parsons.

Mr. Parsons: Thank you for the question. Treasury Board and Finance relies heavily on academic research because, I mean, to assess the impact of a tax policy change like that, you have to do carefully controlled economic studies. You can't just look at, like, headline job numbers or anything like that as a pandemic year. We consulted a broad range of studies. Dahlby and Ferede have done some work that we've looked at – it's published in an international tax journal – that looks at the history of Canadian provinces' investment over a period of time, controls for other factors that might be impacting investment, and then tries to isolate the impact of rate reductions. They took those findings and assimilated the impact in another paper produced by the School of Public Policy at the University of Calgary.

Ms Renaud: Excuse me. Sorry. I'm just looking for the numbers.

Mr. Parsons: This is part of the explanation.

Ms Renaud: You're getting there? Okay. We're just running out of time.

Mr. Parsons: It's not a simple answer.

Based on that research done by Dahlby and also some work by Jack Mintz, the estimate is over 55,000 jobs. There was some work done in the States that looks at the impact in recessions that found that those impacts can be higher. Those are the estimates that we use. Of course, it takes time for some of these impacts to materialize, but those would be the estimates.

Ms Renaud: Are you able to give us estimates for the two years that I asked for? Specifically, how many jobs were directly created in 2019-20, 2020-21 as a result of the corporate income tax cut?

Mr. Parsons: As I mentioned, the impacts I just stated are effective on full implementation in 2022. The government accelerated the

rate, so you would expect those impacts to be materialized earlier, based on that research.

Ms Renaud: Okay. I'll move on.

With Budget 2019 we heard the estimate that the corporate income tax reduction would create 50,000 jobs, and that did not come from TBF officials. It was not your estimate; it was added by the political end of your government. When the government reduced the rate to 8 per cent in the fiscal year in question, did Treasury Board and Finance do any analysis of how many jobs it would create, and if so, what did your own analysis tell you? I understand that the University of Calgary School of Public Policy, of course, you know, indicated 55,000 new jobs, but I'm asking about Treasury Board and Finance specifically and your analysis about how many jobs it would create.

Mr. Parsons: As mentioned, there are tax experts in the field that have spent a lot of time studying this. We did rely heavily on those estimates. We do that on a number of – we assess economic impacts all the time. We also, you know, consider what work has been done outside using real economic data and peer-reviewed studies. When you ask about Treasury Board and Finance, that is the work that we consulted.

9:00

Ms Renaud: Okay. During 2019-20 we saw some major corporate players move their corporate headquarters out of Calgary.

The Chair: Okay. Thank you very much.

We'll now move on to the government side, please. The Member for Spruce Grove-Stony Plain.

Mr. Turton: Yes. Thank you very much, Madam Chair, and thank you very much, everyone, for coming out here today. It shouldn't come as any surprise that I'm actually quite excited about red tape reduction. I have a couple of questions here I want to ask about that.

Specifically, I want to touch base upon pages 16 and 17 of the annual report, really to kind of zero in a little bit about AGLC. I know that there were some interesting results that I found quite fascinating. Obviously, these results were aimed at supporting business growth and generating additional revenue through red tape reduction. However, in 2020 to 2021 it obviously wasn't all good news as on page 52 it mentions a net income of \$545 million less than expected. Obviously, this is mostly due to casino closures brought about as a result of the COVID-19 pandemic. I guess I'm curious if you have an idea about how effective these red tape removal measures have been, especially just given the light of the world context of COVID-19.

Mr. Hedley: I'll turn it over to my colleague David Stanford.

Mr. Stanford: Yes. I think it's a good question. It's somewhat complex. I think that it's fair to say that efforts were made to ensure that the impacts on businesses associated with the pandemic were minimized as far as possible within the context of responsible public health measures. To that end, the casinos and other gaming facilities, for example, were shuttered for a time, and they were unable to open at various times. You saw that impact there on revenues and suchlike.

I would say, however, that there were efforts to support safe operation when those businesses were allowed to open. Cleaning solutions, support for cleaning, adjusting payment processes at casinos to cut down interaction, physical barriers in casinos, and things like that were all supported. Also, the addition of electronic gaming, for example, in casinos was another thing that was applied to support, you know, ongoing operation of those businesses.

I would also say that in addition to that, the example I mentioned before, for example, where you can now do off-sales through restaurants, there were substantial efforts taken to ensure that other businesses in the gaming, liquor, and cannabis sector could continue to operate, could continue to operate safely, and regulation reform was taken in order to enable them to access more revenue opportunities in a responsible way. While restaurants were necessarily closed to in-person dining, those restaurants did realize additional income streams through the ability to sell alcohol through off-sales. Then that supported, I suppose, minimizing the impact on revenue to the AGLC and government from the pandemic at that time.

I don't know whether anyone else would like to comment on that.

Mr. Brisson: Yes. I can supplement. Coming out of COVID, what it has done is provided many of our ministries but also some of our agencies, boards, and commissions with opportunities to look at opportunities from a red tape lens on improving access to services, getting out of the way of certain things. We don't have to have as much regulatory oversight, but modernizing and innovating.

Liquor sales and delivery and entertainment districts are being reviewed by AGLC. They're looking at all of their handbooks to see how they work with the different agencies that they work with. Horse Racing Alberta is looking at racing entertainment centres and how they deliver services. We have Play Alberta out there, which has become very successful, which during COVID was able to still continue and provide that revenue back to the government as an online gaming service. I know that the AGLC board, board chair, CEO are looking to innovate and modernize the way they deliver business in Alberta.

I think that's a success coming out of COVID. If there's any success coming out of COVID, that'd probably be one of them: a new way of framing and looking at things.

Mr. Turton: Okay. Thank you very much for that.

I guess to kind of ask a supplementary question to that point, you know, just when you talk about your internal ministry analysis, is there a way to quantify in terms of the value to taxpayers, in terms of the initiatives put forth by the ministry for red tape reduction? I know we talked about red tape in general, but obviously there was a loss. I'm just wondering if there was any kind of analysis about what that loss could have been if those red tape initiatives were not actually gone through or completed.

Mr. Stanford: Yeah. I think it's a really good question. I think, unfortunately, it's difficult to kind of link the cause of the revenue decline and the scale of it with specific regulatory reforms. I think it's fair to say that efforts were taken to ensure that regulation changes and regulatory modernization minimized impact, preserved a revenue stream. But it is very, very difficult for us to analyze specifically just how much we may have avoided further revenue declines as a result of those regulatory changes.

Mr. Turton: Okay. As much as I would love to ask a couple of more questions about red tape, I do want to make sure I get another question or two in here as well because I know that everyone is interested, obviously, in any kind of efficiencies in government.

It actually has to deal with the common client service delivery redesign initiative. That's specifically found on pages 26 and 27, to all the followers at home. On those pages it's very evident that TBF works quite a bit with other ministries. I'm very interested about the work, you know, and specifically TBF's work with the Justice and Solicitor General ministry on this initiative. It states that the "initiative demonstrated the value of cross-ministry data linkage in informing how services may be better targeted and delivered more

efficiently." I guess my question is: what kind of metrics did the ministry actually look at to better conceptualize that value? It seems, obviously, as if they're trying to aspire to something, but how can you sink your teeth into what that actually looks like? What are the metrics that you attach that value to?

Mr. Hedley: I'll turn it over to my colleague Mark Parsons.

Mr. Parsons: Yeah. Thanks for the question. This is something that Treasury Board and Finance is getting more and more involved in: co-ordinating, facilitating crossministry data analytics. By that I mean that there are a variety of programs across government serving clients, and what we're trying to do is get a better understanding of how those programs interact and, you know, the cumulative supports provided to various clients. To do that properly, TBF plays a key role in making sure that data is shared and linked across ministries. You get a holistic picture of what's going on, and that's exactly what was done for the program you just mentioned with Justice. The idea there is to look at streamlining delivery of government services, to say, "Okay; is this being done as efficiently as possible?" understanding what our overall supports are across the system instead of just isolated.

What we did is look at common identifiers using things like social insurance numbers and see where the total supports are provided to Justice clients. We looked at different groups – low-usage clients, high-usage jail, and homeless clients: categorized in those three areas – and then we looked at sort of the cumulative benefits.

It's just a starting point. I think more work is going to be done in this area, something that Treasury Board and Finance will lead going forward. It does feed into red tape as well.

Mr. Turton: Thank you very much for the answer.

When you talk about TBF as working on additional plans along this line, I guess, you know, as a supplemental, specifically this one plan on pages 26 and 27 talks about Justice and Solicitor General. But are there other similar initiatives that are with other departments or ministries that have been working in the fiscal year that we're talking about right now that you can perhaps elaborate a little bit on?

9:10

Mr. Parsons: We're doing more work with the social ministries like CSS, Community and Social Services, and Children's Services. There will be more work to come on that and then, of course, Health as well.

Mr. Turton: Was this initiative started by the red tape initiative strategy, or is this just part and parcel, regular business over at Treasury Board and Finance?

Mr. Parsons: I would say it's just improving our understanding of expenditures . . .

The Chair: Thank you to the hon. member and the officials.

We'll now head on over to the Official Opposition for the next round of questions. You have 10 minutes.

Mr. Schmidt: Boy, to keep the people of Alberta waiting 10 minutes to hear the answer to that question seems really unfair.

When the Premier announced the accelerated corporate income tax giveaway during the fiscal year in question here this morning, he declared that the big six Canadian banks would be irresponsible if they didn't move their corporate headquarters to Calgary. During the fiscal year in question how many meetings with any of the big six banks did the ministry have about relocating their headquarters to Alberta?

Mr. Parsons: What page are you referring to? This is 2020-2021?

Mr. Schmidt: This is related to the corporate income tax cut, the accelerated corporate income tax cut. At the time that the corporate income tax cut was announced, of course, the Premier said that one of his policy goals was to encourage a major bank to relocate to Alberta. I'm just wondering what work the ministry did to support that policy goal.

Mr. Walker: Point of order, Chair.

The Chair: Sure.

Mr. Walker: Yeah, 23(b). We're here to discuss the economy and efficiency of program delivery and standards. As the senior official has noted, there has been no line citation or page number in the annual report for 2020-2021. Government policy and the extent to which policy objectives are achieved, Chair, are generally not examined in the Public Accounts Committee. I would just ask for you to advise the member to tighten things up and return to the actual fiscal report of 2020-2021.

Thanks.

Ms Pancholi: Thank you, Madam Chair. I would encourage the member opposite to read the annual report that is under consideration for this committee because it makes numerous references to the corporate income tax cut throughout it. As well, we know that the decision to accelerate the corporate income tax cut rate took place during this fiscal year that's under consideration by this committee. We are also certainly not limited simply to what's in the annual report but to ask questions about the business of the ministry before us for consideration that took place in the fiscal year under consideration. This is clearly not a point of order, and I encourage the member to read the documents that are submitted before this committee for review.

The Chair: Thanks.

Having heard both arguments, I'll just point everyone to page 15 of the annual report for 2020-2021. I will just ask the hon. member to make references periodically to the appropriate page number. It appears here that the first reference to the matter under questioning is on page 15 of the annual report.

Thank you.

Mr. Schmidt: Thank you very much. With respect to what appears on page 15 of the annual report under consideration this morning, can the ministry officials tell us what work was done to convince or persuade any of the big six Canadian banks to relocate their headquarters here to Alberta?

Mr. Parsons: I'll speak to financial services and the banks and corporate taxes generally. I think you're asking a question about specific meetings. I know a number of meetings took place with the banks. We're in regular conversation with the banks as part of investor relations. What I will say is that if you look at the distribution of corporate income tax paid, financial services is actually the highest of all industries in how much we collect from that industry. It's also a fairly mobile industry, where they can locate their business. There is a lot of interest from the financial sector in corporate tax changes, absolutely. That tax base tends to be fairly mobile as well in financial services. It does rank higher than manufacturing and even oil and gas in terms of corporate taxes paid.

Mr. Schmidt: Okay. I mean, one of the stated policy goals of the government was to convince a major Canadian bank to relocate its headquarters here. Can you explain to me whether or not the

corporate income tax rate changes were sufficient to encourage that to happen or what additional policy pieces need to be in place, by Finance and Treasury Board or government in general, to achieve this policy aim of winning the relocation of a major Canadian bank to Alberta?

Mr. Parsons: I think that there are a number of factors that would go into a decision like that, corporate taxes, as I just spoke to, being one driver. The other one would be cost of living, quality of life, attracting talent to Alberta, and I think on that piece Alberta has a strong value proposition with housing affordability. The regulatory environment, of course, is another factor. I think all those things, as Minister Toews has spoken to, are compelling features of why there should be more of a bank presence, financial service presence in Alberta.

Mr. Schmidt: Can the ministry provide us any insight as to why none of those things have actually successfully resulted in the relocation of a bank in the fiscal year 2020-2021?

Mr. Parsons: The goal of the government is to create a competitive business environment across the board. Some of these decisions do take time for, you know, relocation. I will say that there have been a number of announcements in Alberta regarding major investment decisions across a variety of sectors including fintech, high tech, petrochemicals, Amazon, so there are many examples of recent investment decisions in Alberta that have taken place.

Mr. Schmidt: Okay. I appreciate that.

We also saw in the fiscal year 2019-2020 and 2020-21 the continuing trend of corporate headquarters actually moving out of Alberta, EnCana being a notable example. I'm wondering what steps the ministry took to arrest this upward trajectory in Calgary's downtown vacancy rate. Given that it has continued to rise, what lessons have you learned from, you know, the policies that you've implemented that haven't resulted in the flight of headquarters out of downtown Calgary?

Mr. Parsons: I don't know. Is there—just getting back to the annual report ...

Mr. Schmidt: Well, I mean, it's all related to the corporate income tax cut. We've heard endlessly for the last three years from these guys about how positive the corporate income tax cut has been to the economy and well-being of the city of Calgary in particular. We have the highest vacancy rate of any major city right now in Calgary. We have the highest unemployment rate of any major city in Calgary right now. Explain to me where the people of Alberta can see the benefits of the corporate income tax rate on the people of Calgary or the people of Alberta. Like, the job of the Finance ministry is to measure outcomes and report those to the people of Alberta.

Mr. Parsons: That's fair. I mean, I mentioned the work that's been done on sort of isolating the impacts, so I'm not going to say that it's— it's a complex number of factors that feed into decisions around location and investment. What I would say is that the increase in the competitiveness of the tax system, along with other measures, has contributed to what we're seeing today, with Alberta leading the country in growth, coming out of COVID, a number of investment decisions that have been made. I had mentioned Amazon Web Services, Plug and Play, Northern Petrochemical, Dow, Telus, a number of investment decisions that had been made, and obviously a competitive investment climate is important to these decisions of where you invest your capital.

9:20

Mr. Schmidt: All right. I suspect the actual answer is that there isn't one and then we desperately try to find something that's happening that will justify cutting corporate income taxes by \$5 billion.

Moving on now to the issue of tuition. In fiscal year '20-21 tuition fee revenues rose to just over \$1.3 billion, and at the same time government made it more expensive to go to university or college, cancelling the tuition tax credit. How much did the government save or, conversely, how much did the students of Alberta end up paying as a result of cancelling these tax credits in fiscal 2020-21?

Mr. Hedley: Eliminating the tuition and education tax credits for postsecondary studies was to align Alberta with other provinces and help reduce government spending. Ontario and Saskatchewan eliminated their education and tuition tax credits. New Brunswick, B.C., and the federal government eliminated their education tax credits. It was estimated that the tuition and education tax credits would save government about \$20 million in 2019-20, about \$90 million in 2020-21, and about \$115 million in 2021-22, and Alberta students can still carry forward and claim unused tuition and education amounts earned prior to 2020.

Mr. Schmidt: Now, the other jurisdictions that you mentioned either made some – they cancelled those tuition and education tax credits but also made some moves to making tuition more affordable, particularly for low-income students. Was that something that Finance and Treasury Board considered, redirecting the funds that were saved from cancelling the tuition and education tax credits to other measures to improve the affordability of postsecondary education?

Mr. Hedley: In terms of making decisions, government weighs . . .

The Chair: Thanks to officials.

We'll now go over to the government side, please.

Mr. Rowswell: MLA Toor.

The Chair: Oh, okay. Sorry. It's MLA Toor.

Mr. Toor: Thank you, Madam Chair. I just want to start by saying thank you to the ministry.

Can you hear me?

The Chair: Yes. Please proceed.

Mr. Toor: Okay.

Thank you very much for all the work you do. We went through the tough times, but I really appreciate the work you do for this province, for Albertans. In year '20-21 the Treasury Board and Finance ministry supported the government's substantial and unprecedented funding to address the different issues brought to Albertans by the COVID-19 pandemic.

If you look at page 15 of the annual report, it explains that there were \$3.1 billion budgeted for economic recovery and another \$1.5 billion for COVID-19 contingencies on top of additional investment in our health care system. I think this is a good example to show people that, despite the NDP narrative, maintaining fiscal discipline and controlling spending doesn't mean that the government does not support the priorities and programs that are important to Albertans, especially during hard and unprecedented times like this one. Again, I want to say thank you for all that you do.

My question is: what was the role of the TBF ministry in ensuring that the policy decisions to address COVID-19 were based on solid data despite fluctuation in the oil prices?

Mr. Hedley: I'll turn it over to Mark Parsons.

Mr. Parsons: Thanks for the question. I'm happy to talk about the work of Treasury Board and Finance because we're very proud of the work we did during this difficult period. As mentioned, Alberta was hit by not only COVID, like other provinces, but the impact of the oil price correction, so kind of a dual shock. Given the unique nature of what we're facing, we didn't really have a past experience like this to go by, so what we did is use sort of innovative tools, analytical tools to kind of measure the impact this was going to have on the economy.

One of the things we did was to undertake detailed industry analysis. We knew that each industry was going to be impacted by COVID and the various measures differently than others. It was a bottom-up approach. Normally with economic forecasts you do more of a top-down, but we really looked at, bottom-up from the industry level, the industries that were most impacted, high, medium, and low, and we aggregated that up to understand how this was going to impact the economy. We came pretty close to getting the real GDP hit in 2020 using that technique, so we're very proud of the work that we did in a very short period of time.

We ran several macroeconomic impact assessments to understand indicators like GDP, employment, unemployment, of course, revenue, and we did weekly, daily tracking of what was happening on the ground, worked closely with Alberta Health to understand what was happening with COVID cases and when they were likely to peak, and also regularly engaged with the Premier's Economic Recovery Council to understand what measures should be in place. A key part of the role we had over this period was understanding what federal measures were going to be introduced so that we could identify and fill any gaps in the system, and that ultimately led to the announcement of the recovery plan in June.

I guess more on the fiscal side I talked about the economic response, which led to things like the small and medium-sized enterprise relaunch grant and other measures like deferrals. We wanted to make sure that the province's finances were fiscally sustainable over the long run so advised the government on potential fiscal anchors that could be introduced, which ultimately led to three, which are aligning spending with other provinces, keeping net debt to GDP below 30 per cent, and developing a plan to balance the budget after COVID.

Mr. Toor: Thank you.

I will pass this on to my colleague MLA Singh.

Mr. Singh: Thank you, Madam Chair. I would like to express my appreciation to the representatives of Treasury Board and Finance for being with us today as well as the office of the Auditor General. My questions are about the policies of the ministry during the pandemic, Alberta tourism, and the job-creation tax cut. My question is on the financial impacts of TBF helping guide the GOA through the pandemic.

I see on page 23 and 24 that TBF helped the government develop policies to support Albertans and Alberta job creators during the pandemic and to better position the province for recovery. What tax assistance was provided to Albertans and Alberta businesses during the pandemic, and what new initiatives were implemented?

Thank you.

Mr. Hedley: I'll turn it over to Mark Parsons.

Mr. Parsons: I'll take this question. When the crisis first hit, one of the first things that was introduced was deferrals, because what we recognized was that businesses need to access capital markets, and they need liquidity, they need cash. So the corporate income tax and education property tax were deferred. There was also reversing the planned increase in the education property tax. It provided that sort of immediate tax relief in the early stage of the crisis.

Of course, I mentioned that one of the things that we did was look at the differential impacts on various industries. One of the industries we knew would be most impacted would be tourism because, you know, it was travelling. The measure the government introduced was allowing hotel and other lodging providers to keep the tourism levy revenue, and that freed up about \$36 million in capital for hotels so that they could survive COVID.

I mentioned earlier that the government accelerated the job-creation tax cut. We knew that investment had fallen significantly and wanted to accelerate those efforts to make Alberta the most tax competitive and, of course, introduced the innovation employment grant, which is unique in Canada in that it provides an additional benefit for those who expand their R and D, the research and development, expenditures in Alberta. You get a top-up for incremental spending. That would accelerate those efforts to draw more of the tech sector in Alberta. Those are just a few of the measures.

9:30

Mr. Singh: Thank you for answering here.

My question will be on Alberta tourism. Several sectors of tourism were severely affected by the pandemic. On page 16 the annual report explains that the government allowed hotels and other lodgings, which you mentioned, providers to keep tourism revenue they collected between March 2020 and March 2021 through our levy abatement. For our references how much is the tourism levy in Alberta?

Mr. Parsons: It's 4 per cent.

Mr. Singh: Thank you for answering here.

Was placing this measure successful in providing the necessary relief to the sector in supporting its economic recovery and viability?

Mr. Parsons: Thanks for the question. It is vitally important. As mentioned, hotel stays were significantly down, operators were struggling, so this just gave them the additional cash to manage their businesses. Approximately \$36 million in capital was freed up for hotels and other lodging providers between March 1 and March 31, 2021, and \$47 million over the 18-month period March 1, 2020, and June 30, 2021. Then a new program was introduced in fall 2021 to specifically target those most impacted by COVID.

Mr. Singh: Thank you for answering.

Can the department share: what was some of the feedback received from the stakeholders? Were they happy?

Mr. Parsons: Very happy, yes. Thanks.

Mr. Singh: That's nice.

Mr. Parsons: The feedback led to the extensions of the program.

Mr. Singh: Thank you for answering.

My question is on creating jobs and driving innovation and the reduction of the general income tax rate. My question is that one of the most significant initiatives from TBF last year was to reduce the general corporate income tax rate through the Tax Statutes

(Creating Jobs and Driving Innovation) Amendment Act, 2020. Through the legislation as of July 2020 the general corporate income tax rate was reduced from 12 per cent to 8 per cent.

The Chair: Thank you, hon. member.

We'll now move on to the fourth rotation. Member Pancholi, please.

Ms Pancholi: Thank you, Madam Chair. I have a question related to page 39 of the annual report, specifically the role of the Public Service Commission in board member recruitment for agencies, boards, and commissions and to support efficient, evidence-based, and effective appointment of qualified candidates to these agencies, boards, and commissions. Specifically, I'd like to know if the ministry and perhaps somebody from the Public Service Commission can indicate what active measures they took in this fiscal year to encourage equity in terms of representation across gender, ethnicity, cultural background, disability, or ability in terms of representation on agencies, boards, and commissions. It's something that, I think, when the NDP were in government, we took very seriously and actually instituted requirements around including – there were more women, for example, on boards and commissions. I understand that this government is no longer doing that and, it appears, is no longer applying a gender-based analysis assessment to its policy. So what active steps did the Public Service Commission take in this fiscal year to encourage diverse representation on agencies, boards, and commissions?

Mr. Hedley: Thank you for the question. I'll ask Ross Nairne from the Public Service Commission to come up and answer that question.

Mr. Nairne: Thanks very much for that question. Ross Nairne, assistant deputy minister for strategic services and the Public Agency Secretariat. Within Alberta there are approximately 237 agencies, boards, and commissions that we provide levels of oversight to, including the recruiting process for board members sitting on them. In 2019, based on a recommendation from the office of the Auditor General, we did move from allowing boards to do their own recruitment processes to centralizing recruitment under the PSC and using executive search resources to find board members that would provide the level of competencies required for these ABCs to be able to fulfill their duties.

In that active recruitment process every recruitment goes through a recruiting meeting that goes down in the details of what competencies and requirements are needed for that board and, you know, what representation is required, et cetera.

But to your question, Madam Chair, I would say that we do not specifically target specific demographics. We look for competent people to fulfill the board positions on ABCs, and through that process, I am quite pleased to say, just from a gender distribution perspective, roughly, you know, 52 per cent of the board members are men and 48 per cent are women that we track. But we don't get down into the specific levels of demographics.

Ms Pancholi: Thank you for that response. I just want to note that if a gender-based analysis is still being applied, one would recognize that competence is not actually mutually exclusive from seeking equity representation. Actually, competence can mean equity, seeking a group. I thank you for that answer, and I encourage the government to continue to apply GBA plus analysis.

I'll turn this over to my colleague the MLA for Edmonton-Gold Bar.

Mr. Schmidt: Right. Thank you. I want to go back to my questions a little bit earlier around costs for students. We know that as tuition

was increased, tax credits were eliminated. The government also decided to increase the rate it charges on student loans, moving from prime rate to prime rate plus 1. Can the ministry officials confirm that that actually is the case?

Mr. Hedley: I just want to clarify in terms of the annual report in front of us. I think the member is talking about an increase in the future budget. Or are you referencing . . .

Mr. Schmidt: No, no, no. It's my understanding that in fiscal '20-21 the interest rate charged on student loans had increased from prime to prime plus 1. Is that correct?

Mr. Hedley: Let us take that away and get back to you with an answer. We'll try and get it before this session is done, but I'll be sure to get back to you with an answer.

Mr. Schmidt: Sure. While you're looking for answers, then, I have a couple of related questions. I'm just wondering how much incremental loan revenue to the government was generated as a result of this increase in the student loan interest rate, how many student loan payers there were in fiscal 2020-21, and what the average incremental cost to them in fiscal '20-21 was. If ministry officials can respond to that.

Mr. Hedley: We'll have to get back to you on the details of that. I don't have that right in front of me right now.

Mr. Schmidt: Okay. Thank you very much for that. If you can commit to tabling it after this meeting is over, I think that would be sufficient. Thank you.

I want to move on now. During the pandemic and during the fiscal year in question the government dissolved the Alberta Capital Finance Authority and brought that function in-house at the time, and during the fiscal year in question municipalities were worried that the government might increase the municipal borrowing rate. In fiscal '20-21 the Ministry of Treasury Board and Finance wrote to municipalities assuring them that rates would not increase, there was no reason to do so, and that they would continue with their capital planning programs. We know that since then the government changed its mind and has introduced a new interest rate surcharge. I'm wondering: why did TBF make this commitment in '20-21, and what prompted the ministry to change its mind?

Mr. Hedley: I'll ask Lowell Epp to come up.

9:40

Mr. Epp: Lowell Epp, assistant deputy minister for treasury and risk management. In '20-21 the province's fiscal condition was much different, so there was no need to make that consideration. However, we did start to engage staff in an overall review of the lending program, and that review did not recommend at that time to raise interest rates. Subsequently, the government has raised interest rates to municipalities. They now pay rates similar to what other municipalities pay across the country – that's large municipalities – so a small town or a regional commission pays the same rate as the city of Toronto or thereabouts. That remains an advantageous rate. Clearly, the province of Alberta's fiscal situation changed in the last 12 months, or whatever the proper number is, and the province now has, as the annual report states, in total about \$93 billion of taxpayer-supported debt, a substantial difference from when the original decision was made.

Mr. Schmidt: So confirm my understanding, then, that the move to increase rates at which municipalities were lent money was driven

by a crossjurisdictional analysis that showed that other municipalities in other provinces were paying more. Is that correct?

Mr. Epp: That was one aspect of it. Yes. There were others.

Mr. Schmidt: Such as?

Mr. Epp: Such as the government's risk that it was taking, credit risk being assumed by the government, the fact that the government – and it's not just credit risks that the government is taking . . .

Mr. Schmidt: On that point, there was never a default at Alberta Capital Finance Authority in the 50 years that it existed. Is that correct?

Mr. Epp: Not to my knowledge.

Mr. Schmidt: So why a surcharge, then? You said that this appears to be very low-risk loans. What is the risk?

Mr. Epp: That's why they're getting low interest rate loans. They are getting low interest rate loans.

Mr. Schmidt: Yes. But it was even lower, and you said that the risk was evaluated and seemed to be – like, the risk didn't change, but your interest rate charges changed. Is that fair to say?

Mr. Epp: I wouldn't say that the risk hasn't changed.

Mr. Schmidt: Why not?

Mr. Epp: Pandemic.

The Chair: All right. Member Lovely, please.

Ms Lovely: Thank you so much, Madam Chair. I just wanted to say that on page 26 it explains that the Treasury Board and Finance waive the interest rates and deferred payments on student loans. I do have a few comments and questions that I'd like to address there. I'll give you a few seconds here to get there. Okay. COVID-19 initiated postsecondary students – so postsecondary students were another group in our population to be disproportionately affected by the pandemic, with classes going online and having to adapt to a new delivery of classes and unforeseen expenses in relation to that. Just to give an example, on page 26 of the annual report I see that one of the main responses to COVID-19 relevant to Treasury Board and Finance was to waive the interest rate and defer payments on student loans. How was this initiative evaluated?

Mr. Hedley: Thank you for the question. With the onset of the pandemic and the public health orders resulting in closing a lot of nonessential services, it had a significant impact on the employment and earnings of many Albertans. With that, the initiative of waiving interest and repayment for six months or delay of repayment of six months was a co-ordinated response with the federal government and the provinces in response to the pandemic.

Students, while in studies, already have the protection of – interest doesn't accumulate while they're studying, and there's no requirement for them to pay. They also have a grace period of six months past the end of their studies, so that repayment pause would have especially benefited recent graduates at the early stages of their career, when they're just starting to get a foothold.

The initiative was not evaluated based on quantifiable measures as it would have been challenging to try and determine what the effectiveness was of those efforts and it's difficult to know how defaults were avoided or actions taken to help borrowers. You know, households of borrowers were impacted due to the initiative

during the pandemic, so difficult to try and measure that, but the result is that, with more money in individuals' pockets, they were able to pay other bills during that period.

Ms Lovely: Can you go into detail on what this measured impact was on the Budget 2020-2021 forecast?

Mr. Hedley: You bet. Thank you. Government recorded reduced interest income of about \$46.3 million from the budget of \$77.4 million. The actual is about a little over \$31 million in 2020-21. The deferral of payments resulted in a decrease of about \$45 million in revenue being recorded from what was budgeted in 2020-21. The budgeted revenue at that time was \$314 million, so the actual collected was \$269 million.

Ms Lovely: Did this measure achieve its intent of supporting postsecondary students?

Mr. Hedley: Yeah. Absolutely. It achieved the intent of supporting postsecondary students during the pandemic. Each of the deferred payments reflected the additional money, as I mentioned earlier, in the pockets of those individuals in order to pay for other essentials during the pandemic, and it provided relief during a very stressful time for those individuals.

Typically if a student loan is five months past due, the loan is considered in default and goes to collections. Now, by pausing the repayment, government ensured that borrowers were not falling into default on their loans while workers' jobs were disrupted due to the pandemic, resulting in reduced or lost wages. While the financial default rate increased from about 5.3 per cent to 7.5 per cent in 2020-21, it is not possible to determine how many more defaults were avoided due to the actions taken to help those borrowers.

Ms Lovely: Switching now over to page 30 of the annual report – I'll give you a second to get there – it shows that key priority 3 for the budget in question was to keep standing up for Alberta and, in relation to that, to negotiate improvements to federal-provincial fiscal arrangements to secure a fair deal for Alberta. This is an important thing for Albertans, who feel like they are not being listened to by the federal government and are not receiving a fair share, especially during the challenging times that the pandemic has brought. It is explained that the federal government increased the program's payment cap, under fiscal stabilization program, from \$60 to \$170. Can you further elaborate on how this is a result that supports objective 3 of negotiating a fair deal for our province?

Mr. Hedley: You bet. Thanks. I'll turn it over to Mark Parsons to answer that question.

Mr. Parsons: Yeah. Thanks for the question. Something that the government has been talking to the federal government about and engaging other provinces on for a long time is reform to the fiscal stabilization program. That program has been capped for many decades at \$60 a person, meaning that if Alberta, as it occasionally does – '15-16, '16-17, and '20-21 – goes through a major economic shock, as we do, and a collapse in oil prices, that program effectively was capped at around \$250 million. So this is a point that the Minister of Finance has been making many times at the federal-provincial meetings and, although they didn't kind of go as far as they wanted to, was successful in raising the cap from \$60 to \$170 per person. That, effectively, is like a tripling of the cap, so if Alberta experiences a significant revenue decline, our payment now would be capped at around \$750 million as opposed to \$250 million.

Now, the federal government still didn't go far enough because we wanted the cap to be lifted entirely, because it was arbitrary to

begin with, but also made retroactive to '15-16. So we're still proposing changes to that program, especially to make it retroactive.

9:50

Ms Lovely: How much have Albertans benefited from the increased cap, and how will they benefit in the future?

Mr. Parsons: As mentioned, the increased cap when eligible for the full amount would be an improvement of \$500 million. It's when we get in a situation of severe revenue declines. In Budget 2022 – it's an estimate for the 2021 fiscal year – we could be eligible for the full amount. It's going to depend on the final adjustments and the final numbers when they come in and some of the adjustments that have to take place under that formula. But that's the current estimate.

Ms Lovely: All right. That wraps up my questions. I think – who do I move to now? To Member Singh.

Mr. Singh: Thank you, Madam Chair. I will circle back to my question here, which is creating jobs and driving innovation and the reduction of the general income tax rate. One of the most significant initiatives from TBF last year was to reduce the general corporate income tax rate through the Tax Statutes (Creating Jobs and Driving Innovation) Amendment Act, 2020. Through this legislation as of July 2020 the general corporate income tax rate was reduced from 12 per cent to 8 per cent. My question is: how has the job-creation tax cut benefited Albertans and Alberta's recovery?

Mr. Hedley: Thank you for that question. I'll turn it back to Mark Parsons.

Mr. Parsons: Sure. Thank you for the question. As you mentioned, this was a key part of the recovery plan, to accelerate the job-creation tax cut. There was a big drop in investment, so getting investment back is obviously critical to a successful recovery for the province. Since that change has been made, there are some recent examples of major investment decisions: Amazon Web Services investing billions into cloud computing; Plug and Play, a global tech accelerator, setting up shop in Calgary; Northern Petrochemical investing \$2.5 billion, creating 4,000 construction jobs. Dow has announced some plans to build the world's first net-zero ethylene and derivatives complex, and Telus is investing \$14.5 billion. Venture capital is hitting record levels, and Alberta is expected to lead it.

The Chair: Thank you.

We'll now move on to the fifth rotation, with three minutes per side to read questions into the record. We respectfully request that the department provide those written follow-ups within 30 days of the requests.

Member Pancholi.

Ms Pancholi: Thank you, Madam Chair. Page 19 of the annual report details the department's work on pulling Albertans' retirement savings out of the CPP. We know the department commissioned a report containing the economic analysis, costs, and benefits of leaving the CPP and establishing an Alberta pension plan. Will the ministry please provide to the committee a copy of that report as well as the analysis that would have been done by the Canada Pension Plan Investment Board on the costs and liabilities assumed if Alberta were to pull out of CPP?

We've asked about the forgone benefit increases for the AISH, seniors', and child benefits due to deindexation. I also had asked about the extra revenue and personal income tax cut due to the decision to deindex the tax system. We were provided some data

for the 2019-2020 and '20-21 fiscal years, but I'd also asked for the fiscal forecast period, so I'm asking that you provide that information specifically with respect to the personal income tax cut for the forecast years, for fiscal years 2021, '22, and '23.

Budget 2020 saw a significant reduction to reporting across the GOA. This was at the direction of TBF so that ministries had to slim down their business plans and reduce the number of performance measures, outcomes, objectives, and indicators. Please, I'm asking the ministry to compile for this committee a list of all the measures, outcomes, objectives, and indicators that were removed in the Budget 2020 fiscal plans for all ministries so we can have a discussion with the Auditor General about reporting.

Lastly, I'd ask for the ministry to please table the evidence that all the investments that have been indicated by ministry officials to be directly the result of the corporate income tax cut – table the evidence that was directly related to that. Thank you.

I'll turn it over to my colleague from St. Albert.

Ms Renaud: Thank you. Treasury Board and Finance uses a report card from the Canadian Federation of Independent Business in one of their indicators, so my questions are: how does the Canadian Federation of Independent Business arrive at their ratings? Where is the evidence in support of this evaluation? And, finally: what lessons have been learned by the ministry and what information is conveyed to Albertans via this performance indicator?

The Chair: Okay. Very good.

I'll hand it over to the government side for three minutes. Yes.

Mr. Walker: Thank you. Thanks, everyone. Can the ministry provide an update on the progress made to addressing the office of the Auditor General's recommendation to improve the "guidance and training for ministry management to identify, analyze and report on results in ministry annual reports" and to "processes to monitor ministry compliance with results analysis reporting standards"?

Also, can the ministry provide an update on the progress made to addressing the office of the Auditor General's recommendation to

"evaluate how it can use excess liquidity within government-controlled entities to reduce government debt and minimize borrowing costs, and implement mechanisms to utilize excess liquidity" and to "evaluate the Consolidated Cash Investment Trust Fund and pursue opportunities to increase its use or modify its current structure to ensure it remains a relevant cash management tool"?

Finally, can the ministry provide an update on the progress made to addressing the office of the Auditor General's recommendation to "issue policies and guidance for departments to monitor the working capital needs of government-controlled entities to ensure departments only provide cash when needed"? Thank you.

Thank you, Chair.

The Chair: Okay. Very good.

Well, thank you very much. Seeing no more requests for written follow-up. As I indicated, we ask that any outstanding questions be responded to in writing within 30 days and forwarded to the committee clerk.

We'll now move on to other business, hon. members. The committee has received written responses to questions asked of the Ministry of Health, Alberta Health Services from November 23, 2021. Those are posted to the committee's public website as per the ordinary practice.

I would also like to remind hon. members that LAO research services is holding premeeting briefings for members and their staff Monday mornings the week prior to the committee meetings.

Are there any other items for discussion under other business?

If not, our next meeting is Tuesday, March 29, with the Ministry of Infrastructure.

We'll now just request those at the table please be reminded to remove their own bottles and cups for the safety of LAO staff.

I'll now call for a motion to adjourn. Would a member move that the meeting be adjourned? Moved by Member Rowswell. All in favour? Any opposed? That motion is carried.

Thank you very much to all the officials for joining us today.

[The committee adjourned at 9:58 a.m.]

