



Legislative Assembly of Alberta

The 30th Legislature
Second Session

Standing Committee
on
Private Bills and Private Members' Public Bills

Bill 208, Alberta Investment Management Corporation Amendment Act, 2020
Bill 209, Cost of Public Services Transparency Act

Friday, February 26, 2021
9 a.m.

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Standing Committee on Private Bills and Private Members' Public Bills

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Standing Committee on Private Bills and Private Members' Public Bills

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Bill 208, Alberta Investment Management Corporation Amendment Act, 2020.....PB-262
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Lowell Epp, Assistant Deputy Minister, Treasury and Risk Management, Treasury Board and Finance
David Mulyk, Executive Director, Insurance Policy and Executive Director, Pension Policy, Treasury Board and Finance

Bill 209, Cost of Public Services Transparency Act.....PB-270
Athana Mentzelopoulos, Deputy Minister, Treasury Board and Finance
Dan Stadlwieser, Controller, Treasury Board and Finance

9 a.m.

Friday, February 26, 2021

[Mr. Ellis in the chair]

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

My name is Mike Ellis, MLA for Calgary-West and chair of the committee. I'd like to ask the members and those joining the committee at the table to introduce themselves for the record, and then I'll call on those joining in by videoconference. We'll begin to my right.

Mr. Schow: Joseph Schow, Cardston-Siksika.

Ms Goodridge: Laila Goodridge, Fort McMurray-Lac La Biche.

Mr. Getson: Shane Getson, Lac Ste. Anne-Parkland, commonly known as God's country.

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

Mr. Nielsen: Good morning, everyone. Chris Nielsen, MLA for Edmonton-Decore.

Mr. Koenig: Good morning. I'm Trafton Koenig with the Parliamentary Counsel office.

Dr. Massolin: Good morning. Philip Massolin, Clerk Assistant and director of House services.

Mr. Huffman: Good morning. Warren Huffman, committee clerk.

The Chair: Okay. For those joining by videoconference, rather than it be a free-for-all, I've got a list here. Maybe we can start with Mr. Amery, just in alphabetical order.

Mr. Amery, are you on the line? Okay. Sorry.

Mr. Carson.

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

The Chair: Okay. Thank you very much.
Member Irwin.

Member Irwin: Janis Irwin, Edmonton-Highlands-Norwood. Good morning.

The Chair: Thank you. Good morning.
Mr. Rutherford.

Mr. Rutherford: Brad Rutherford, Leduc-Beaumont.

The Chair: Okay. Member Sigurdson from Edmonton-Riverview.

Ms Sigurdson: Good morning. Lori Sigurdson, Edmonton-Riverview.

The Chair: Okay. Thank you.
Member Sigurdson for Highwood.

Mr. Sigurdson: R.J. Sigurdson, MLA for Highwood.
Thank you, Chair.

The Chair: Okay. Thank you very much. I don't believe I missed anybody.

For the record, Member Stephan, you are here as a guest and a presenter, but you are not a voting member of this committee.

Substitutions: Laila Goodridge officially substituting for Michaela Glasgo and Member Jon Carson officially substituting for Member Thomas Dang.

Thank you very much, and welcome, everyone.

A few housekeeping items to address before we turn to the business at hand. Pursuant to the February 22, 2021, memo from the hon. Speaker Cooper I'd remind everyone of the updated committee room protocols, which encourage members to wear masks in committee rooms and while seated, except when speaking, at which time they may choose not to wear a face mask or covering. Based on the recommendations from the chief medical officer of health regarding physical distancing, attendees at today's meeting are reminded to leave the appropriate distance between themselves and other meeting participants.

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Next we'll move to the approval of the agenda. Are there any changes, additions to the draft agenda at this time?

If not, would somebody like to make a motion to approve the agenda? Member Goodridge. Member Goodridge would move that the agenda for the February 26, 2021, meeting of the Standing Committee on Private Bills and Private Members' Public Bills be adopted as distributed. All those in favour, say aye. On the phone? Okay. Any opposed? On the phone? That motion is carried.

Next we'll move to the approval of the minutes. We have the draft minutes to review from our previous meeting. Are there any errors or omissions to note?

If not, would a member like to make a motion to approve the minutes as distributed?

Mr. Nielsen: So moved, Chair.

The Chair: Thank you, Member Nielsen.

Member Nielsen moved that the minutes of the December 1, 2020, meeting of the Standing Committee on Private Bills and Private Members' Public Bills be approved as distributed. All those in favour, say aye. On the phone? Any opposed? On the phone? That motion has been carried as well. All right. Thank you.

Next we'll move to the review of Bill 208, the Alberta Investment Management Corporation Amendment Act, 2020.

Mr. Schow: Mr. Chair?

The Chair: Yes.

Mr. Schow: If I may, it's my understanding that Mr. Amery is having a difficult time logging on. He doesn't have a link to this meeting.

The Chair: Okay.

Mr. Schow: I'd recognize that as a new member of this committee, he might not be familiar with all this, so if we could maybe just take a quick moment while we try to get him on. I apologize for the interruption.

The Chair: Sure. Well, I'll tell you what. We'll allow Mr. Amery to get on, working with the clerk here. I'll just do the brief introduction of Member Phillips, and before Member Phillips starts, we'll just make sure that Mr. Amery is on. Okay?

Just before we start . . .

Mr. Amery: Mr. Chair, I am on.

The Chair: Oh. Great. Well, thank you very much, Member Amery. Thank you for being on. I'm glad we were able to sort out that technical difficulty.

Next we'll just move on to the review of Bill 208, Alberta Investment Management Corporation Amendment Act, 2020.

Sorry. Member Amery, would you mind just identifying not only yourself but your constituency that you represent.

Mr. Amery: Absolutely, Mr. Chair. Good morning, everybody. Mickey Amery, Calgary-Cross.

The Chair: Right. Thank you very much, sir.

Presentation by Member Phillips, MLA for Lethbridge-West. Hon. members, Bill 208, Alberta Investment Management Corporation Amendment Act, 2020, was referred to the committee on Thursday, December 3, 2020. In accordance with Standing Order 74.11, the committee's report recommending whether the bill proceed or not is due to be presented in the Assembly on March 15, which is five sitting days from now.

We have the bill sponsor with us this morning to provide an overview of what is being proposed in Bill 208. At this time I'd like to invite Member Shannon Phillips, the MLA for Lethbridge-West, to provide a five-minute presentation, and then I will open up the floor to 20 minutes of questions from the committee members. Member Phillips, welcome to the committee, and the floor is yours.

Thank you.

Ms Phillips: Well, thank you, Mr. Chair, and thank you to all of the hon. members for the opportunity to talk with you this morning about Bill 208. Is everything stable with my Internet connection? I'm just checking it. Everything is good?

The Chair: Yeah. Everything is good.

Ms Phillips: Good. Okay.

Bill 208, Alberta Investment Management Corporation Amendment Act, 2020

Ms Phillips: As a member of the Legislature it is my job to reflect back what I'm hearing from Albertans, and I have heard clearly and I know that all of you have heard clearly that people in this province are worried about the direction of both their retirement security just more globally speaking but also their public-sector pensions, which they've paid into in the form of forgone earnings for their working careers. I know that members have heard the same thing. You've seen it on social media. You've had correspondence to your office. You've heard it perhaps before March 2020 on the doorstep. Maybe since March 2020 you've heard it in your Zoom meetings. You've heard it in your phone calls. You've seen it in the form of tens of thousands of people who have signed petitions. So I am bringing forward this bill in direct response to that correspondence and to that concern of Albertans.

It is not a particularly ideological or partisan response to what I've heard from constituents. Rather, I tried to structure this bill in ways that would respond to people's real concerns, that would in fact create space for more democratic conversation about the future of people's retirement security and ultimately provide us all a way that we are responding to the thousands of Albertans that have reached out to every single one of us.

For the record the bill does three things although I understand that at this committee the substance of the bill is not at issue so much as whether it should be forwarded to the House for a fulsome debate. But let's just make sure we have a common understanding and confirm our understanding of the bill's mechanics.

It would require a referendum before Alberta would exit out of the Canada pension plan. It would also ask clearly if Alberta voters want the Alberta Investment Management Corporation to be the investment manager for a prospective Alberta pension plan. Then it would also remove the power of Treasury Board to issue investment directives to AIMCo. These have been not often used, however, and it is for that reason that removing that section of the act is a very simple solution to some of the concerns that have been raised by the public. You know, I certainly agree – and I think this is a common understanding across party lines and across many different political perspectives – that investment decisions should be made by investment professionals. I don't believe, just for the record, that the power has been used, and therefore it really serves very little purpose in the act right now. So the bill removes it.

9:10

Third and finally, the bill adds four seats to the AIMCo board and gives a seat to each of AIMCo's largest clients; that is, a seat for the LAPP, the public service pension plan – the PSPP – the special forces pension plan, and the ATRF. Those additional seats on the AIMCo board, in fact, reflect best practice in terms of governance of these types of investment managers. It is done in our neighbouring province, where AIMCo's equivalent, the B.C. Investment Management Corporation, employs these modern governance standards with positive effects. They have governed themselves in that way for some time.

You know, the thinking behind this is that there's been a great deal of concern that pension funds have been required to use AIMCo and do not have any option to leave. Those funds, then, deserve a better window over governance at AIMCo and input into that, into how they make investment decisions, and, ultimately, how they serve their clients. This is important because there have been governance challenges at AIMCo. There's no question about that. They will tell you that at the heritage savings trust fund and in other public utterances, and they have readily admitted that. We saw that with the recent multimillion-dollar losses on the volatility trading strategy. There's no question that ensuring that public-sector pension plans have some input into . . .

The Chair: Sorry, Member. I'll allow you to finish your thought. I'll provide a little bit of leeway, but if you could start to wrap it up, okay?

Ms Phillips: Yeah. No problem.

If those funds have input into the governance, it will provide more assurance for people who pay into those plans.

With that, I will conclude my remarks.

The Chair: Thank you very much for those remarks, Member.

Next we'll move into our second phase. We will take questions from the floor, 20 minutes' worth of questions from the floor, and as is the convention of this particular committee, as this is an opposition member's bill, we will start with a government member

to start off the questioning. We have first on the list Member Goodridge.

Ms Goodridge: Thank you, Mr. Ellis. Ms Phillips, I just have a quick question in regard to: what regulations with respect to AIMCo that are currently in place justify removing the government's ability to make new regulations?

Ms Phillips: Sorry. You know, it's been a year of the pandemic, and I still have challenges unmuting myself.

Member, it's a good question. There have not been instances, in my memory at least, which on some topics is reasonably long, where government has used that investment directive. But there is a significant public concern about the use of that directive, and I know you've heard that from your constituents as well as we all have.

You know, it is one of those things where, if we can provide a response to the public for those concerns and meet that response, then we ought to, particularly if this is, in my view, a way that we can find a noncontroversial and very reasonable way to meet those concerns. Ultimately, hon. member, this is my attempt to meet those concerns through this bill in a way that we can debate it fully on the floor of the House. That is where this conversation ought to be had, where we can all speak through the House to our constituents and say: look, we came together to find some way to respond to what thousands of people across the province are worried about.

The Chair: Thank you.

Member Goodridge, a very brief follow-up. We'll try to keep these answers short as well because we've got a list building here.

Ms Goodridge: No worries. Thank you for that answer.

Just to correct the record, I'm very engaged in my constituency, and this isn't an issue that I've had brought up to me by many constituents. I've had a couple bring up some concerns but very, very limited in terms of the number of issues that come into my constituency. I'm just curious as to why you wouldn't address the specific concerns that you have when it comes to the regulations rather than opening it up more globally.

Ms Phillips: Sure. Hon. member, thank you. Well, of course, we've seen thousands of people write letters, sign petitions, and so on, and there are several hundred thousand people that are affected by the decisions to move public-sector pension plans into AIMCo and not provide them either a seat on the board or an ability to move their investment management services. This is a concern that's been shared by the special forces pension plan, which is, of course, our police services, a concern that has been raised time and again from our firefighters, from our front-line workers, from our EMS workers. People have real concerns about this. That's to say nothing of teachers, people who work for school boards, nurses, other front-line health care workers.

That's really where the concern has been articulated, and this is a way to take one of their concerns more broadly. You know, they had questions about the style of the way that the government brought these changes forward. You and I can disagree on that, I think, and I think that's a reasonable disagreement for us to have in the House. But where I don't know if we do disagree – and I don't think that we do – is on the government's ability to issue those management directives. The Wildrose opposition raised concerns about this in the 29th Legislature, and I have even heard them raise concerns about it subsequent to that.

The Chair: Lori Sigurdson, go ahead, please.

Ms Sigurdson: Thank you very much to Member Phillips for all your hard work on this. I think it's very important. I would just like to state for the record also that I've heard from many, many constituents regarding this issue, certainly, in Edmonton-Riverview, and I'm very pleased that this bill has come forward. We know that even the UCP's Fair Deal Panel did indicate that the vast majority of Albertans were opposed to this move of taking Alberta's pensions out of the CPP, and I just wonder if you could really articulate how this bill specifically addresses that.

Ms Phillips: Well, thank you.

Sorry, Mr. Chair; I'll wait for you.

The Chair: Yeah, no, Member. Go ahead. Thank you.

Ms Phillips: Okay. Sorry. Thank you, Mr. Chair. I'm getting a little bit of feedback.

Thank you for that question. You know, I think that what we've tried to do here is say: look, if there are legitimate questions, then let's have, first of all, that debate on the floor of the House. That is, in fact, the appropriate forum to have the debate over the substance of this bill. That is our privilege as private members. Really, I brought this forward in the spirit of that democratic debate, again, sort of trying to find ways for us in this iteration of the Legislature to meet the concerns of our constituents that I know that we have all heard, because there have been so many interventions by the public in the various, various ways that they can intervene, but also to provide an additional layer of direct democracy to Albertans on the question of their retirement security.

Whether it is our Canada pension plan, if we don't have a workplace pension, which accurately describes many, many Albertans, or if we do because we have paid into a public-sector pension vehicle of some variety in the form of foregone earnings, we want to make sure that those funds are being safeguarded for our retirement security. Income security is something that people are increasingly worried about. Obviously, the pandemic has really put a lot of that into stark relief for people, so having that additional referendum question, I think, really allows us to have a fulsome debate around the relative merits of who might be managing our retirement security should we move away from the Canada pension plan.

Again, you know, I have observed that the hon. members in the government caucus have a certain enthusiasm for these direct democracy sort of initiatives, so this was my way of trying to meet their desire to consult people in that way and provide them an opportunity to do so by supporting this private member's bill on the floor of the House.

9:20

The Chair: Thank you.

Member Sigurdson, a follow-up, please.

Ms Sigurdson: Yes. Thank you, Mr. Chair. I'd also like to just point out, too, that I think creating a mechanism so that Albertans can have a voice on this, again – because so many people certainly have reached out to me as their MLA in Edmonton-Riverview, and we know that there are, you know, some questions about AIMCo and their ability to manage. I mean, we know about the \$2 billion loss because of high-risk investments that they had made last year, so having this mechanism, I think, is very important. Just any comments you have about this high risk that AIMCo seems to be choosing to make and putting Albertans' retirement savings at high risk.

Ms Phillips: Well, you know, hon. member, you make a good point. There certainly have been some challenges with respect to some of the choices that have been made, and I believe that some of that could be mitigated through ensuring that we have an appropriate mix of representation on the AIMCo board. If those significant assets are going to be transferred to AIMCo from management, then the people that the assets belong to should have a voice in their management.

Certainly, the government of Alberta appoints the board members to AIMCo, and they manage our heritage trust fund. We have mechanisms for public accountability in that way, and those are appropriate. You know, it is then up to those government members and the opposition members, through the heritage trust fund committee, to ask questions of how that is managed.

Now, I believe that if other large pension plans are required to be managed by AIMCo, then the absolute best practice that we observe across the country should be afforded to them given, you know, the volatility trading strategy and some of the challenges that AIMCo ran into around that. We're learning a little bit more and more about that. We do know that in the case of the local authorities pension plan they were able to stem some of the losses from that through taking a more downside protection approach to some of their investments, and that was not taken for the heritage fund. So we want to make sure that those billions under management: if it belongs to people, they should have some input into that just as we do as citizens of Alberta.

The Chair: Thank you, Member.

Member Rutherford, could you go ahead, please? You have a question.

Mr. Rutherford: Thank you, Chair. Member Phillips, thank you for coming to present today. The government of Alberta uses AIMCo to manage funds and specialty funds, and they have been doing that for quite some time. I believe there are 31 in total. When I read through your bill, it implies that the oversight is deficient, so one of my questions would be: where is it deficient in its current structure of the 11 people on the board, what skills do you think are lacking, and what ability needs to be filled there? Then it seems like you're trying to label AIMCo in a state that they can't be trusted or that there are really ongoing issues, so I was just wondering: was there a point in time when you lost faith in AIMCo, and when is that? If you could really talk about your impression of AIMCo as a whole, it would be appreciated.

Ms Phillips: Sure. Thank you, hon. member. The first piece around governance is not necessarily a narrow focus on a skills matrix that might be wanting or any commentary on, you know, my emotional reaction to any particular board member. In fact, there are some very, very competent people on that board, including the new board chair, whose history at BlackRock and the CPPIB is excellent. I believe in particular that his experience at BlackRock, given the trillions of dollars that they now have under management and some of the directions that Larry Fink has articulated at BlackRock, will serve us well as we invest in our heritage fund and elsewhere.

So it's not about that; it is about reflecting the best practice when you are bringing billions of dollars of new assets under management that have previously been governed by an LAPP, SFPP, ATRF, PSPP board, right? Those assets belong to the folks for whom there has been a foregone earning. We have a best practice identified across the country. There is no question that in particular in the case of LAPP, what we observe is that they did not have the same exposure to the volatility trading losses that AIMCo experienced for their other clients, or at least that's what we know

so far, hon. member, through our queries and through what's come out both in the media and in AIMCo's filings.

You know, as for my impression about AIMCo or any of these sorts of things, this is not about one's feelings about investment managers. This is about ensuring that we have the right rules in place. AIMCo has undertaken some excellent work with respect to their response to Mark Carney's task force on climate-related disclosures, for example. They have done excellent work on identifying alternative investments and other interesting investment opportunities in how the global economy is changing. I have been publicly supportive of that work and offered them an opportunity to talk about it at the heritage fund.

But I've also been critical of the way that they have answered questions, especially in the first instance around volatility trading, and some of the skating around that they kind of did at the heritage fund on the fallout from that. That is, I think, a reasonable reaction of any private member or any citizen of Alberta when we saw how that whole thing shook down almost a year ago.

I hope that answers your question, hon. member.

The Chair: Member Rutherford, do you have a follow-up? Try and be brief, though.

Mr. Rutherford: Yeah, just a quick follow-up. The volatility trading mechanism, or VOLTS, was implemented in 2013. I understand it was ramped up in 2018. I was wondering: since that occurred over the term of the NDP government, was the NDP aware of this mechanism being used and the risk of it? If we're going to try to change oversight, I'm just wondering what your impression of that is.

Then also, the current set-up for the pension boards to oversee their investments already exists. Would that be enhanced by bringing a member up to the board? Since there are 31 specialty funds and pensions collectively, why limit it to just pension funds? Why not bring an average Albertan in to oversee their tax dollars, as well?

Ms Phillips: Sure. Well, to that latter question, hon. member, the government of Alberta may appoint whoever it likes to the AIMCo board, provided that, you know, obviously, there's a certain skills matrix that is – and those qualifications are satisfied. If the concern on behalf of government members is that there ought to be a quote, unquote, regular Albertan appointed to the board, that's a conversation to have with Executive Council on your part. Certainly, our approach was to ensure that investment management professionals in various ways were appointed to AIMCo's board.

To the first point around volatility trading, I mean, it doesn't really have a whole lot to do with the sections of this bill, but let me meet that question. Now, as I indicated in my opening remarks, the investment directives, to my knowledge, anyway – those powers have never been used. However, that section of the bill meets people's concerns that it might be used and therefore takes that section out. So that explains: no, the government of Alberta between 2013 and 2018, to my knowledge, did not have a window on the extent of the sort of lack of risk communication and lack of adjustment for risk that underlined that strategy.

9:30

In fact, AIMCo executives have said in the media that there was limited visibility for them as well, so there are some questions within the organizations that the CEO has actually, in the intervening months, discussed quite publicly and taken responsibility for, and I commend him for that. I hope that goes some way to answering that question.

The Chair: All right. Thank you.

Two minutes left. Member Irwin, go ahead. Thank you.

Member Irwin: Thank you, Member, for sharing this bill. I know a lot of teachers in particular have been concerned with Bill 22. A former teacher myself, I've heard from teachers from all parts of this province who are extremely concerned, and I would be honestly shocked if all MLAs have not heard the same. Member, can you share with this committee how your bill addresses some of the concerns that have been put forward by Alberta teachers when it comes to their retirement security?

Ms Phillips: Sure. Well, I'll address that question and one that I think I left unanswered from the previous questioner. Why put public-sector pension funds on the board? Well, because it reflects best practice. It meets many of the concerns of the pension plans, and we're talking hundreds of millions of dollars here. We are talking thousands of Albertans, right? We're not talking about smaller funds that might be under management by AIMCo. We are talking about groups of people who have been legislatively required to have their assets managed by AIMCo. Therefore, what we want to do is meet the concern that that undermines some of their joint governance or other appropriate mechanisms for oversighting how their money is invested.

That's why I took the approach of the pension funds that people were most concerned about, that Albertans had articulated to us and to all of us: special forces, the public service pension plan, the LAPP, and the ATRF. This is a way that we can reflect what the best governance is for these investment management organizations, and I think that ought to be quite noncontroversial. It's an approach that has spanned many different political parties and political approaches, in particular in British Columbia.

The Chair: All right, Member, quickly. Member Irwin, do you have a follow-up?

Member Irwin: Oh. I mean, yes. If you can just speak more to how this addresses teachers' concerns and . . .

The Chair: I'm going to tell you what. I've always been generous no matter what side this is. Please just keep your question brief and the answer brief, and I'll let you have a final say.

Thank you.

Ms Phillips: Thank you, Chair. You know, the question is to teachers' concerns. I mean, the simple answer is that we've all heard from them. All of that's been tabled, and petitions have been made and so on, and we've all heard it. My role as a private member and all of our roles: we are sent to the Legislature to do a job, so let's do it together.

The Chair: All right. Member Phillips, thank you so much for being here today. The time has expired, so thank you, everyone, for your questions. Member, thank you very much for your presentation.

Next up – Member Phillips, if you'd like to stay on the line, you're certainly welcome to – we're going to have the technical briefing by the Ministry of Treasury Board and Finance.

We now have, up next, the Ministry of Treasury Board and Finance here to provide a technical briefing on this bill. Thank you, all. I see a table full of folks there. Thank you, all, for being here. You're going to have five minutes for your presentation. I guess, before we start the clock, if whoever is going to be doing the presenting could just maybe introduce yourself, who you are, and

then when you're ready for your presentation, we'll start the clock. Okay. The floor is yours, Treasury Board and Finance.

Mr. Epp: Well, thank you, Mr. Chair, and thank you for the opportunity to provide some overview comments on Bill 208, the Alberta Investment Management Corporation Amendment Act, 2020.

The Chair: Can I interject for a second? Can you just introduce yourself? We just don't know who we're talking to at the table here.

Mr. Epp: I'm sorry, Mr. Chair.

The Chair: Who you are, what your title is, that sort of thing.

Mr. Epp: I am Lowell Epp. I am the assistant deputy minister for treasury and risk management.

The Chair: Okay. Well, thank you very much for being here, sir, and we'll start the clock. Okay. Thank you very much.

Mr. Epp: Again, thank you for the opportunity for us to comment. As we at Treasury Board and Finance understand the bill, the bill would change the composition of the board of directors at AIMCo by introducing new requirements for AIMCo's so-called own funds, and it would add a requirement for a referendum on the service provider should Alberta proceed with an Alberta pension plan. I will deal with these changes thematically.

Bill 208 would change the composition of the AIMCo board by increasing it by four members, from a maximum of 11 to a maximum of 15, with one each from the large pension boards whose funds are managed by AIMCo. By amending both legislation and regulation, these new board members would essentially be direct appointments, where the only required credential would be that they have been selected by a pension board, and the pension board would evaluate on its own the assessment of the skills, experience, expertise required. AIMCo regulation section 5 requires that board members meet minimum requirements, including those not appointed by an order in council. The Alberta Public Agencies Governance Act would also apply to these four appointments.

A consideration for this committee is that a board of 15 threatens to be unwieldy and therefore much less productive. Perhaps a more significant consideration, however, is that there is significant risk that the pension-plan appointed board members would act as representatives of their respective sponsors rather than independent directors acting in the best interest of the corporation. Representative boards frequently take a combative approach to decision-making rather than a much more productive consensus-based approach.

In response to an earlier comment, I would remind the committee that LAPP, SFPP, and PSPP have had their funds managed by AIMCo for some time. Also, the boards of the LAPP, PSPP, SFPP, and ATRF retain control of their investment policy, which is the most important policy when directing investment management. Also, joint governance remains in place, so while there may be merit in considering input or representation from clients in the composition of the AIMCo Board of Directors, we recommend that best practices in board governance inform any changes such as in the size and independence of the board of directors.

The next set of changes proposed in Bill 208 would affect AIMCo's so-called own funds. Members of the committee should be aware of the fact that most of AIMCo's own funds are already invested in the consolidated cash investment trust fund, or the fund where government pools cash of various agencies. In other words, Bill 208 asks for what is already done in practice.

AIMCo has three operating accounts. They have no reserve funds. The accounts are in Canadian dollars as well as U.S. dollars and British pounds. The latter two are used to pay expenses of the U.S. and London offices that AIMCo has. Also of note is that AIMCo's own funds – the largest account of its own funds is the one in Canadian dollars, and this fund had an average balance over 12 months, using month-end figures, of about \$35 million. This equates to roughly 0.003 per cent of the approximately \$110 billion in assets managed by AIMCo.

Finally, Bill 208 would require a referendum on whether AIMCo should be the investment management service provider to a potential Alberta pension plan. As members of the committee may know, there is preliminary evidence to suggest that a provincial pension plan . . .

9:40

The Chair: Mr. Epp, I hesitate to interrupt. The time has expired. I'll allow you to finish your final point, and then we'll move on. Go ahead.

Mr. Epp: Thank you. There is preliminary evidence to suggest the provincial pension plan would be of significant benefit to Albertans and Alberta businesses. However, no decisions have been taken regarding appropriate service providers for an Alberta pension plan, including actuarial, administration, investment management, or others. There are several potential options. It would therefore be premature to assume and to put into legislation that there is only one option.

Thank you for the opportunity. I hand it back to you, Mr. Chair.

The Chair: Great. Thank you very much, Mr. Epp.

The time, of course, has expired. We're going to now move on to the 20-minute question and answer by committee members. We will start with the government member side. Mr. Getson, you are first up on the list.

Thank you.

Mr. Getson: Thank you, Mr. Epp and members. Lowell, it's good to see you again. Until recently you and I were both in the heritage trust fund, and I was the deputy chair of that committee. If I can, I'm going to go into that a little bit because there's been a lot of, quite frankly, misinformation said on that. The VOLTS strategy, absolutely, was changed. This is my understanding, and I'm sure that it's the same as yours. They did not skate around those topics; they were literally grilled by the same member that's speaking now and several others on their strategies, and they had recovered their losses during a COVID event, et cetera, et cetera. They were actually pretty decent.

The whole reason why I asked to be put on the heritage trust fund to start off with as a new politician coming in and from the outside is that I, like many Albertans, wanted to get the straight goods, to actually understand how this group functions. Through the course of the last year and a half I'm very pleased with how those folks are so professional, the boards that they have, their global portfolio. It's a good group. When Member Phillips is bringing something forward, I really want to say that there is no partisanship, but I've only heard speaking points to the contrary.

With that, sir, you've made points of interest here. When we have a big, cumbersome board, we start looking at some cross-jurisdictional items, and it doesn't appear that across the country we have that big of a board, nor does it typically – other than the exception that Member Phillips has said, that British Columbia seems to be the only one that could potentially have a conflict of interest. So let's put it in context. You have customers of a company that's managing those funds, that also has multiple

customers, and then have pension fund people put there, without any necessary criterion other than that they belong to those boards, to influence the overall investment strategy. To me, in my prior life in project risk and running major projects, you would never have that, so I'm struggling a little bit to see how that was brought forward in the first place, to say that it's a better act of governance to the effect of performance and risk. Are there any substantive changes that you could see or any benefits of having something in that nature of board governance, sir?

Mr. Epp: I would suggest that having representatives was considered when AIMCo was first created, and it was rejected for reasons of partisanship or influence of pension boards towards their pension and not for the corporation as a whole. That's the experience.

As far as board size, many people have different opinions. I believe the board size of the BCI, British Columbia Investment, is about nine, give or take.

Mr. Getson: Okay.

The Chair: Do you have a quick follow-up?

Mr. Getson: A follow-up? Yeah.

The Chair: Very briefly, please.

Mr. Getson: I'll make it very brief.

So as a follow-up to that, just for the record, the way that those other boards function, they have input to their investor: they can ask questions, and they can direct those other pension funds, have autonomy to say what their investment strategy is. Have you ever had concerns that their investment strategies weren't being listened to? Again, that client – AIMCo is actually providing those services. I understand fully – and maybe the folks at home don't understand because of, quite frankly, the conjecture of the media mixing the waters – that those boards are autonomous, that they set up their own investment strategies, that they have their client carry that, and then that service provider, being AIMCo in this case, invests accordingly to that and uses their skill set. Have you ever heard that that input is not available?

Mr. Epp: I have not.

The Chair: Great. Thank you very much.

We'll now move on to Mr. Nielsen. Member Nielsen, go ahead, please.

Mr. Nielsen: Thank you, Mr. Chair. I just wanted to ask, I guess, a question around the ability to express a policy direction with the members that are part of AIMCo because, as we all know, there was recently a change where the AIMCo board was allowed, if they thought it was in the best interests of their clients, to potentially overrule a policy direction that one of the clients may be asking for, for instance, the ATRF. With that in mind, when we talk about the ability for that group to be able to, I guess, direct policy, do they then actually, really have their voice available if AIMCo feels that that policy that they're being directed to do is not in their best interest?

Mr. Epp: I would say that in our experience with the heritage fund and other endowments that the government has, we have worked closely with AIMCo when we see issues, I guess, and when we want to implement our investment policy. Certainly, there have been many discussions, and there always will be.

I think there was a second part to your question. Could you remind me?

Mr. Nielsen: I guess I was asking: you know, do you truly have the ability to direct policy if there is a rule that allows you to be overridden?

Mr. Epp: Well, I believe it's in section 2 of the AIMCo Act. That requires AIMCo to act in the best interests of their clients.

The Chair: Mr. Nielsen, a follow-up?

Mr. Nielsen: Yes, please.

I guess, then, I wonder: with that ability, does it not seem unreasonable that these members may then want a seat actually at the table? If potentially then, you know, their policy directions could be overruled, they at least get to be able to show that they voted, for instance, against that decision.

Mr. Epp: I think that's a policy question to be debated in the House.

Mr. Mulyk: To supplement – my name is Dave Mulyk; I'm the executive director of pension and insurance policy – I think, Member, your question perhaps may relate also to the responsibilities that are assigned to AIMCo's clients either under the Joint Governance of Public Sector Pension Plans Act or the Teachers' Pension Plans Act. In both instances the boards of those organizations continue to have full control over the establishment of their investment policies, and AIMCo is obligated to then implement the policy direction that has been given to them by their clients. I think, to the point that Lowell was making earlier, AIMCo would work very closely with the clients to ensure that the investment policy decisions and directions that have been provided to them are, in fact, fully implemented.

Thank you.

The Chair: All right. Thank you, sir.

We'll next go to Mr. R.J. Sigurdson. Go ahead, please, sir.

Mr. Sigurdson: Yes. Thank you, Chair. Just to make sure: you can hear me, Chair?

The Chair: I can.

Mr. Sigurdson: Excellent. Thank you.

I guess, in response to Member Phillips quote saying, "Many people have reached out to me concerned," I would agree that they have. But having said that, you know, after having conversations with many of the teachers, at the end of those one-on-one conversations they always left with most of those concerns satisfied. I think that a lot of it came through misinformation, at least from my experience, since some of the changes have been made. Even in seeing a letter that was given to me by a retired teacher, that the ATRF even issued to her, stating that her pension and benefits were not going to change in any way – I'm just wondering if I can ask a direct question to the department: did the changes the government made in 2019, specifically Bill 22, impact pension benefits in any way? Will the members of pension plans – let's use teachers as an example – receive any less in retirement than they would have received before the changes made in 2019?

Mr. Mulyk: Thank you for the question, Member. The answer to your question is: no, no changes to plan design or pension benefits were made. In the case of PSPP, LAPP, and special forces the responsibility for plan design rests with the sponsor boards to those

plans, and those boards are comprised of equal representation of employer and employee nominees.

9:50

When it comes to the teachers' pension plan, I think there are two components that are important to be mindful of, and that's with respect to pre-1992 benefits as well as post-1992 benefits. In both cases, the plan design, the benefits have not changed, but what is important to recognize is that the funding of those benefits is different. The government of Alberta is one hundred per cent, solely responsible for the pre-1992 unfunded liability of the plan. The post-1992 benefits are jointly funded by equal contributions from employers and teachers, and teachers do pay an additional amount towards securing a greater cost-of-living adjustment for retirement benefits. In all cases, no change in plan design or pension benefits was made by the legislation.

Thanks.

The Chair: A follow-up, Member? Go ahead.

Mr. Sigurdson: Yeah, just quickly.

I mean, thank you for that because this has been very much the crux of many of the conversations that I've had with some of the concerned individuals. To confirm, if pension benefits did not or are not changing, then current and retired teachers will receive the benefits they were always going to receive. Just to be clear.

Mr. Mulyk: Yes. That's correct. I think I should emphasize for the members of the plans that that is an important component. Their pensions are secured. That cannot be overstated. The plans are in an exceptionally well-funded position, either at or perhaps exceeding 100 per cent fully funded at present time, and plan members should have no concerns whatsoever over their pension benefits.

Thank you.

The Chair: Thank you very much, Member.

We'll go to Member Carson. Go ahead, please, sir, with your question.

Mr. Carson: Thank you very much, Chair. I just want to first point out or state that I'm quite taken aback by the previous questioner's comments, you know, when people have reached out in the public sector or public-sector workers have reached out with concern about their pensions, that the fact is, from the previous member's comments, that they didn't fully understand what was happening. I mean, from the hundreds of e-mails that I've gotten on this issue, it's quite clear that they understand, and they just want their voice to be heard and want their voice at the table. It's a little frustrating to me that the previous member is stating that these very educated people in the public don't understand what is happening and what is being debated right now.

With that being said, my question is: from the remarks that we heard today, why is it the position of Treasury Board and Finance that the LAPP, for example, would appoint unqualified people to the board of AIMCo when they have \$50 billion at stake? Can you explain your remarks when it comes to what you think or why you think the incentives for the LAPP might be different from your own direction?

Thank you.

Mr. Epp: I think that – sorry. I forgot.

Ms Mentzelopoulos: David, do you want to go?

Mr. Epp: I'm sorry, Mr. Chair.

The Chair: That's okay.

Go ahead.

Mr. Mulyk: Thank you for the question. I believe the point that we had raised earlier is just simply around the expectations that may be placed on the individual who'd be appointed to the board. Earlier my colleague had mentioned that there's a responsibility, coming to the board as a director, that you set aside necessarily any of the views of the nominating organization that sent you because your role as a director is fiduciary in nature and is responsible for ensuring that the corporation acts in the best interest or making decisions that help fulfill the corporation in their role to act in the best interests of their clients. So the role of the director is slightly different from the role of the nominating organization, potentially, in sending that individual to the board.

Thanks.

The Chair: Mr. Carson, you have a follow-up please, sir?

Mr. Carson: Thank you for that. Once again I'm concerned about the comments that were made today in terms of not thinking that we or that LAPP, for example, would necessarily choose somebody that's qualified and has the same direction as the broader board. That's concerning for me.

But my supplemental, I guess, would be: are there not opportunities through regulations or other means to ensure that there is a similar skills matrix in place comparable to what is already in place for the rest of the board?

Mr. Mulyk: Thank you for the supplemental question. My response to that would be that, you know, as we alluded to in our opening comments, there would be additional considerations that would be relevant towards the appointment of any director to the AIMCo board, including notwithstanding section 5 of the AIMCo reg, which outlines criteria or qualifications of individuals appointed to the board. There are also requirements under the Alberta Public Agencies Governance Act that would also be relevant and applicable to the appointment of any individuals to directors. Sorry; I may not have fully answered your question, but there would be a number of elements that would need to be taken into consideration around the appointment, not the least of which, of course, would include the skill set and competency matrix and the overall skill set that the AIMCo board itself was looking to fulfill or to have met with the directors appointed to that board.

The Chair: All right. Thank you very much.

Mr. Schow, you were up next.

Mr. Schow: Thank you, Mr. Chair, and thank you, all, for your presentation. I'd also like to thank Member Phillips for her presentation earlier. I did not ask her a question but do appreciate her coming before this committee today. I have a question and a follow-up if I may. The question is – these changes seem to assume that the pension boards or the boards of the pension plans mentioned in the bill have no control over their pensions. Can you maybe just dive a little deeper because I know you touched on this, how the existing framework ensures the pension boards have control over their pensions?

Mr. Mulyk: Yes. Thank you for the question. In response perhaps I'll build on the comments that I had raised earlier, and that is the fact that the establishment of the investment policy, which is the key driver that governs the work that AIMCo does in the actual selection of assets and investments on behalf of the clients, will continue to be held by the corporations, in the case of PSPP, LAPP,

and special forces, or the ATRF board of trustees. They will still have the responsibility. If you'd like to use the word "control," they will still have control over the establishment of the investment policy.

As we've heard from my colleague and then, I think, in other presentations from knowledgeable individuals, the investment policy is the single largest driving element that helps determine the anticipated rates of return that need to be earned on the pension fund. The stock selection component, you know, the secret sauce of selecting the individual investments: there's something to be said to that as well. But a significant component is really derived from the asset allocation.

The ability of the clients to set their investment policy has not changed in any capacity, and the control over those policies still remains with the clients. To the extent that a change is made, AIMCo would then be expected to implement those changes to those policies as soon as practically applicable. Some asset classes like infrastructure or real estate may be a little bit more difficult to implement immediately; nevertheless, AIMCo would be obligated to carry out the instructions of their clients.

The Chair: A follow-up, please.

Mr. Schow: Yes. Thank you, Mr. Chair, and thank you for that answer.

I'd like to dive into something else that was addressed a little bit earlier as well, both by Member Phillips and by you here on this call. Member Phillips talked about the idea of security, the financial security both now and in the future with pensions, and I have concerns about that security in the event that we continue to expand the size of the AIMCo board because you had mentioned earlier that when boards like these get larger, it becomes very difficult to find consensus in strategies. I was wondering: maybe you could talk a little bit about comparing the size of the AIMCo board now versus what it would be and compared to other jurisdictions and how it would become actually less productive and possibly less efficient and less viable in the future.

Mr. Mulyk: Thank you for that additional question. Under the bill as proposed, we would see the size of AIMCo's board increase from a maximum of 11 to a maximum of 15. The challenge, of course, with a larger board size is just the ability for AIMCo's management to be able to seek direction from their board. The more voices you have at the table, it runs the potential of being confusing in terms of the direction that is provided by the board. Unfortunately, I don't immediately have a jurisdictional comparator to be able to provide to the committee, but we can follow up subsequent to that.

By way of example, the pension corporations – and I'll use LAPP as an example. Their corporation board size is currently 12 individuals. Special forces is six, ATFR is eight, and PSPP is eight as well. I think the general literature would suggest that a board size that is somewhere in the range of perhaps, you know, seven at the low end to 11 at the high end is maybe optimal, knowing that there are different considerations as to what is the appropriate board size given the context, but that would be the general range.

Thanks.

10:00

The Chair: Thank you very much.

We'll now go to the Official Opposition. I don't have any members on the list. Does anybody else have a question? We have 30 seconds left. A question and one answer. Hearing nobody.

All right. Thank you very much. I'd like to thank members of the Treasury Board. Thank you very much for being here today and answering questions from our members. Again, Member Phillips,

thank you very much for your presentation and then answering questions from the committee as well.

Next, ladies and gentlemen, we're going to move to decisions on the review of Bill 208. So, hon. members, having heard the presentations, the committee is now ready to decide how to conduct its review of Bill 208 in accordance with the agreed upon process. The committee may choose to move on to inviting additional feedback from up the three stakeholders from each caucus. The committee may also choose to expediate this review and proceed to deliberations. Does anyone have any thoughts on this? Member Nielsen.

Mr. Nielsen: Well, thank you, Mr. Chair. First, of course, I would like to thank all of the presenters that were here today. Lots of information there.

As usual, you know, I'm always the person getting hung up on the language, what's available, what's there. I think there's more information that we need to seek in terms of getting some questions answered. How do things actually influence the process? I mean, I know I was asking questions around: does somebody actually have the ability to drive and direct policy? We know right now that government does actually have the ability to give a direction towards AIMCo to go, and then in turn AIMCo does actually have the ability to override the policy direction of a client if they feel it's in their best interest. I think there are some questions that needed to be answered. I think we have some possibly conflicting information about maybe what members have heard, what other members who, of course, are not part of the committee might have heard.

So I'm prepared, I think, to make a motion that the committee invite stakeholders.

The Chair: Okay. Thank you. To invite stakeholders to make presentations regarding Bill 208, Alberta Investment Management Corporation Amendment Act, 2020, at an upcoming meeting, date to be determined.

Mr. Nielsen: I am constantly amazed, Mr. Chair, how you manage to get it almost word for word.

The Chair: Thank you. You know, it's part of being the chair. Anyway, thank you very much, sir. I know we look forward to discussion.

I know, Mr. Schow, you have your hand up. Go ahead, sir.

Mr. Schow: Thank you, Mr. Chair, and also thank you to everyone who presented today. Thank you for the opportunity to speak on this. I think that a lot of good points have been made today, and I think a lot of the questions I had were answered already by both the presenter and members of the department. With that said, I think there's also opportunity to hear a little bit more from potential other stakeholders and their opinion on whether or not – maybe on the merits of this bill or whether it's prepared to go back to the Legislature to be debated by members in the Chamber.

With that said, I actually would be in favour of the motion moved by the member opposite.

The Chair: Thank you very much, Member Schow.

Member Irwin, your name is on the list. Go ahead, please.

Member Irwin: Thanks so much. Yeah. I spoke a little bit earlier about teachers. Obviously, that's something that's close to my heart, their concerns. You know, one of the greatest issues I heard from teachers early on was the lack of consultation and feeling that they were not consulted at all prior to these changes and feeling like their promises were broken. Absolutely, I think we need to hear

from a range of stakeholders, including folks who might be able to speak from the teacher/ATRF position as well, so I support this motion.

The Chair: Thank you very much, Member. I'm hearing consensus.

This is a draft motion, so I think we need to provide some clarifying information on this if there are any members that want to try and clarify this motion. If not, maybe I'll ask Dr. Massolin his thoughts on possibly providing some structure around this motion.

Sir, do you have any comments on that?

Dr. Massolin: Yeah. Thank you very much, Mr. Chair. What I would suggest is maybe that the committee is at the point of discussing whether or not to invite stakeholders, and I think, you know, motions can either specify the stakeholders – for this committee it's three for each side – or that those three names or organizations be determined at a later date. I would suggest that those two options would be part of that motion.

The Chair: Sure. Great. Would we need to put, for example, hypothetically, that the names need to be provided to the clerk and the chair by, say, Monday, as an example? Would that be in the motion?

Dr. Massolin: If the committee wishes to go that route, that would be a good option.

The Chair: Maybe with those suggestions we can get the clerk to put something up. We'll just give him a moment here to put something up on the screen.

Mr. Nielsen: Mr. Chair?

The Chair: Mr. Nielsen, go ahead.

Mr. Nielsen: If such a change was needed and could be made by another member, I'd almost consider that just a friendly amendment.

The Chair: Sure. Absolutely. Thank you.

Mr. Schow: Mr. Chair?

The Chair: Yeah.

Mr. Schow: So the amendment we're looking for here is one that determines number of stakeholders and deadline for submission of names of stakeholders?

The Chair: Yes.

Mr. Schow: Okay.

The Chair: Yeah.

So, Member Nielsen, just to be clear, as agreed upon by both parties, you know, up to three stakeholders for each party and then having them submitted by a particular date. I'm open to suggestions, but I'm thinking late on Monday because we need to get this back to the Chamber in some direction ASAP.

Yes, Dr. Massolin.

Dr. Massolin: Yeah. Mr. Chair, just to clarify, I think that maybe this is just a draft motion. There's no need for an amendment. I think I heard that. Maybe, just through you to Mr. Nielsen, you could just move this full motion if you're in agreement with the intent of it.

Mr. Nielsen: So moved.

The Chair: So moved. Okay. Thank you.

All right. We'll just give a moment here to get this on the screen.

I think we'll probably take a five-minute break before we get into 209, but we'll try and get this one completed first here.

Mr. Nielsen: Mr. Chair?

The Chair: Yes, Mr. Nielsen.

Mr. Nielsen: Sorry. Just looking at it, actually, and just thinking because we are here on Friday and we're not in session next week, I was wondering if we might move that to Tuesday just to give enough time to get in touch with people.

The Chair: Sure. Is anybody opposed to that, to give everybody a little bit more time? Yeah, that's fine. Yeah. So maybe change that to Tuesday, March 2.

10:10

All right. Thank you, Mr. Clerk. We'll put this motion up on the screen, as we have here right now. I will read it. Mr. Nielsen moving that

the Standing Committee on Private Bills and Private Members' Public Bills invite up to three stakeholders from each caucus to make presentations regarding Bill 208, the Alberta Investment Management Corporation Amendment Act, 2020, at an upcoming meeting and provide the stakeholders list to the chair and committee clerk by Tuesday, March 2, 2021, at 3 p.m.

Mr. Nielsen, you're good with that? Okay.

I'll open the floor to a little bit of discussion. Is everybody good with this? Is anybody opposed to this at this moment here before I actually ask the question? No?

Hearing no further discussion on it, I will then ask the question regarding this motion that is on the screen. All those in favour, say aye. On the phone? Any opposed, say no. On the phone? Hearing none,

that motion has been carried.

Thank you very much, everybody. Again, thank you to Member Phillips and Treasury Board and Finance for participating this morning.

As I discussed moments ago, before we proceed with Bill 209, we'll set the clock here for a five-minute break so folks can grab a coffee or a water. We'll return in five minutes. Thank you very much.

[The committee adjourned from 10:12 a.m. to 10:17 a.m.]

The Chair: Okay. Great. Thank you very much. Ladies and gentlemen, we're going to return. I think everybody grabbed a coffee or water or whatever you like there.

We're going to review Bill 209 – that's the Cost of Public Services Transparency Act – a presentation by Mr. Stephan, the MLA for Red Deer-South. Welcome, sir.

Hon. members, in accordance with Standing Order 74.11, Bill 209, Cost of Public Services Transparency Act, was referred to the committee on Monday, December 7, 2020. The committee's report and recommendations to the Assembly are due on March 16, 2021, which is six sitting days from today.

At this time I'd like to invite Mr. Jason Stephan, the MLA for Red Deer-South, to provide a five-minute presentation, and then I'll open up the floor for up to 20 minutes of questions from the committee members. Mr. Stephan, thank you very much for being here. The floor is yours. Go ahead, sir.

Bill 209, Cost of Public Services Transparency Act

Mr. Stephan: Thank you, Chair Ellis and all members of this committee. I'm really grateful to be here. There is so much good that can be accomplished by trusting Albertans and empowering them to know how their tax dollars are spent. The Cost of Public Services Transparency Act is, at its heart, equipping Albertans with this knowledge.

The Canadian consumer tax index says that the average family spends more of its income on taxes than on basic necessities. If taxes cost more than our basic necessities, taxpayer literacy is a necessary part of financial literacy. In these challenging times there is great urgency for more financial literacy, especially for our children. As a father of three I want all of our children to enjoy the same opportunities that we were blessed with. It is a great service to trust the public, give them access and opportunity to know the cost of public services that they pay for; for example, the cost of visiting a doctor's office, an emergency room, going to school, or municipal operating tax expenses. This allows the public to better understand the importance of using government services responsibly. It also makes government and public service providers more accountable to provide services in a more sustainable manner, respecting taxpayer dollars and the sacrifices of Alberta businesses, families, and individuals.

My friends, we have a very serious problem. Our province has a structural deficit of billions of dollars. That is not sustainable. The public, not government, is the solution. We should support letting them know the truth of our situation. There is a great urgent need in this province to act and not be acted upon. The MacKinnon report says that Alberta has one of the highest per capita costs of government. We need our public services to be financially sustainable so they can be available for those who need them most, including our children.

The Cost of Public Services Transparency Act supports the principles of Budget 2021. Our Finance minister said that one of the fiscal anchors for our province must be normalizing the per capita cost of government towards comparator provinces. Government must work from the inside out to control costs. This bill works from the outside in, empowering the public to better understand and support this critical urgent need. The mechanics of this bill focus disclosure on larger operating costs of government services. It seeks to do so in a way that is flexible, that can be fine-tuned and improved, and uses existing reporting mechanisms such as report cards, property tax bills, et cetera. This bill is simple, and it is principled.

If it is the will of the committee, we have the opportunity to hear from wonderful stakeholders: the Canadian Taxpayers Federation, chamber of commerce, and the Canada Strong and Free Network, formerly the Manning foundation. By letting Albertans know the cost of services they are paying for, it engages them as citizens of Alberta and supports a culture of more accountability for government. That helps government be better, and in these challenging times, more than ever we really need government to always strive to be the best they can be.

Thank you for this. I look forward to hearing questions from my friends and colleagues here. Thank you.

The Chair: Well, thank you very much, Member.

This is a government member's bill, so as is convention with this committee, we're going to start with members of the Official Opposition. I have first up on the list Member Lori Sigurdson. Go ahead, please.

Ms Sigurdson: Well, thank you very much, Mr. Chair. I'm happy to ask some questions to the hon. member. Thank you for your presentation. Certainly, this kind of reminds me a little bit of when I was a front-line social worker. We used to have to do billable hours. It sort of reminds me of that time, you know, to have to justify the work that you did. It's sort of a trend it seems, certainly, a neoliberal view that whatever government does could be done better in the private sector, and we have to justify continually.

Certainly, we do have justification mechanisms. We have an Auditor General that currently conducts financial and performance-based audits of government departments all the time. That is already being done, so this feels somewhat redundant. I would say that, you know, the time required by public servants to do this would also take a significant chunk of their time and perhaps make it even more expensive. Could you just respond to that, Member Stephan, regarding just the – have you costed that in, or have you looked at that, like, how much time it does to actually do this kind of very specific accounting?

Mr. Stephan: Sure. No. I appreciate the question. I feel that there is so much good to be accomplished by letting the public know the cost of public services. Our government budgets are in the billions of dollars. This act seeks to use existing information and reporting mechanisms to let the public know the cost of public services that they are using. The benefit that will be derived from trusting the public and empowering them with this knowledge, I believe, will far exceed any small incremental cost, using existing information and reporting mechanisms. We want to be transparent. We want the public to know the cost of services. It's so important.

10:25

The Chair: Go ahead, please.

Ms Sigurdson: If I could ask another?

The Chair: Yes. Absolutely. Go ahead, please.

Ms Sigurdson: Yes. Okay. You just said it there in your remarks, Member Stephan, that this information already exists, so perhaps there is nothing more to be done. It just needs to be perhaps a press release by your government to help people understand. If you feel like this information is already available, it seems like it could be onerous and costly for people to, you know, have this as a requirement. If it already exists, why are you not just doing some kind of better communication regarding this information? I mean, it seems to not make much sense to have to be doing it a second time.

Mr. Stephan: Yeah. No. Thank you very much. I think this bill really is, at its heart, about communication. We want to communicate and make it readily available and accessible to the public when they access or pay for our public services. You know, sometimes that information isn't as accessible as it could be. The great thing about this act is that, for example, in report cards or property tax bills, things that taxpayers receive on a regular basis using existing delivery mechanisms, we would disclose the cost of public services to again encourage more accountability in government and the more responsible use of public services that we value and that are important.

The Chair: All right. Thank you very much, members.

We'll go to Mr. Getson. You're next on the list please, sir.

Mr. Getson: I still can't get used to wearing the masks all the time. It takes a bit to get undressed, so to speak, and get so I can speak normally.

Member Stephan, thank you so much for bringing this forward and also to our colleague MLA Sigurdson as well for some of those comments. Some of the items that I had on my list here, based on your proposal and your introduction to it, are similar. What I am getting out of this is that you're looking at driving attitudes and behaviours. There are key performance indicators that you want to make aware to folks, even internally and to the public itself, utilization as much as practicable and possible of existing reports.

And then you want to look – here's my background. I wasn't a social worker. I actually ran major projects, was sitting on control teams that actually put through cost controls and measures, et cetera, so I understand the KPIs and driving behaviours and influence. The alarm bells start to go off because of my understanding of how complex some of these organizations are, and they haven't looked at that before. If I was going in, as in my former life as a consultant, looking for efficiencies, I would have to dive down on the process and ensure that the process will map out those processes, that they aren't overlapping or redundant or, to MLA Sigurdson's point, just making another report when they're already filling out 20 or 30.

Is there latitude in the bill itself to try to address that, that when you're going to implement something like this, the key performance indicator of doing this also has to be that there's a net benefit, there's less of a cost? If there's an opportunity to take a look at the processes that they have now so they can reduce the cost by producing existing information and making it more readily available: is that conceptually what you're looking at here as well?

Mr. Stephan: Sure. I think that's a really – it's not only important that we do the right thing but that we do the right thing well. The bill is designed to give flexibility, by regulation by the Lieutenant Governor in Council, to fine-tune and to seek, you know, because government is complex and it's very expensive and we need it to be sustainable – so the bill is designed in a way that we can look at fine-tuning those key success indicators.

Over time I expect that there will be refinements. We should always be looking to be continuously better. Something in government we need to have is a culture of excellence. We can't afford to have a culture of mediocrity. I believe that by providing the public with the knowledge of how things are, they will have more control and influence on how things will be, and we must be better. The Alberta culture is one, the Premier has said, of meritocracy. I think that increased transparency helps us be more accountable and helps us seek to be as excellent as we can be in government.

The bill is designed to be flexible, to be fine-tuned in terms of those key success indicators, depending on the cost driver or the particular cost item that we want to make more transparent to the public. But we want it to be accessible to them, and over time I think we can continually fine-tune and improve things. That's why most of the bill is not prescriptive in nature; it is principled in nature. I think that allows for a culture of continuous improvement in government.

The Chair: A brief follow-up, Mr. Getson.

Mr. Getson: Yeah. I appreciate that. In a prior life, in going into organizations that were large corporations and trying to institute this, it does work as long as you're very succinct on the key performance indicators, have common goals and targets. I know that you can't, you know, change everything overnight. The quick part of that is: what order of magnitude of cost savings or efficiencies are you shooting for, were you trying to obtain with this?

Mr. Stephan: Well, the great thing is that the best cost savings are found in giving the public the knowledge of how things are. They will help drive government to seek to be better. I know that there have been some comparators – and we'll hear from stakeholders on this in terms of the impact – but often our solutions come from culture. We want to change the culture of government towards one more of excellence than mediocrity.

This bill helps support accountability. I believe that the power of putting that information in the public's hands will greatly influence behaviour and accountability both from the use of public services and from how we provide those services.

The Chair: Great. Thank you very much.

We'll go to Mr. Nielsen for a question and a follow-up.

Mr. Nielsen: Thanks, Mr. Chair. I guess I find myself looking at this from a couple of different viewpoints, you know, some of the experiences that I had in the past around processes that my former employer brought in and some of the reporting requirements that were there. For instance, an order picker would get delayed by a forklift, and they'd have to report that delay, but then a supervisor has to come to actually sign off on that, which in itself is yet another delay. So I'm wondering, kind of from that perspective, with regard to the bill.

Then, I guess, serving as the critic for red tape reduction, you know, there's a big focus on that by the government. Is there a possibility that they're going to view this as red tape creation? And if they did indeed accept it, what kind of push would that require? I mean, we're talking about significant time to report this throughout government. Will there be a rush to reduce even more red tape?

With some of those thoughts in mind – I know our Auditor General does conduct financial performance-based audits – does this process not accomplish what you hope your bill would then accomplish?

Mr. Stephan: Sure. Those are good questions. Maybe I'll just try and provide some comments or thoughts sequentially on them. First of all, we need to appreciate that the bill is designed to work in broad categories, not in specific instances. For example, if you go to a doctor's office, having posted information simply on what the average cost of a doctor's visit is: again, that can be fine-tuned in a very general sense. From a cost-time perspective of delivery, this isn't designed to do that. Many of the costs, for example, to attend a postsecondary institution, the cost per credit – students are investing greatly in their education. An intentional education is a great blessing, and it's an important investment.

10:35

A lot of these costs are just automatic in terms of: it can be disclosed on the report card. It's a little bit different than the Auditor General report. You know, I know that as a member of this government, as an MLA, and as a citizen we can go and seek this information out, but I think there's a lot of power and good that can be provided by actually making that information more apparent and more easily accessible to them in ways that they commonly access public services.

In terms of the comment or question about red tape, I know that that is really important. I did talk, actually, to my good friend the Associate Minister of Red Tape Reduction about this bill. I've always felt that what red tape is is where the benefit of a particular measure is less than the cost of the measure. I truly believe that this is not red tape, that in providing this information to the public, the benefit will far exceed the cost.

I want to refer to the power of compounding. Prior to becoming an MLA, I was the president and a founder of the Red Deer

Taxpayers' Association. It's fascinating to see how much operating expenses will grow with just a couple of percentage points above population and inflation growth. If you actually compound that incremental coverage over a period of time, in the case of, you know, the city that I love, Red Deer, that can result in over a hundred million dollars in just a few years in terms of the cost of operating expenses above inflation and population growth.

So by small and simple things, the compounding effect, great things can come to pass. I've seen that in my own life. We have as well. So with this bill, by very small and simple things, by letting the public know the truth of the cost of things, great things can be brought to pass.

The Chair: Mr. Nielsen, a follow-up, please.

Mr. Nielsen: Yeah. Just a quick one. I know you've been talking about transparency for Albertans and whatnot. Obviously, there would be a directive that would be needed from government. You know, we've certainly seen a very large misstep just recently around coal consultation and whatnot. What are your thoughts around how this information will be made available to Albertans? It sounds a little bit more of a longer game as you were talking about getting the public involved, getting their feedback to then change the direction of government. So how long do you envision this process taking?

Mr. Stephan: Well, it's interesting. By doing the right thing and empowering and giving knowledge to the public, I do believe that by small and simple things, great things can come to pass. I also think that by doing the right thing, we can often be surprised by how quickly good outcomes can happen. You know, in terms of how it's executed, we give great deference and respect to each of the ministers working and fine-tuning and making sure that we are as effective as possible in terms of the delivery of that information to the public using existing reporting mechanisms.

I'm excited and actually optimistic that when we involve the public and empower them more, good change can happen sooner than we expect.

The Chair: Thank you.

Member Goodridge, go ahead, please, with your question.

Ms Goodridge: Thank you, Mr. Chair. Thank you, Mr. Stephan, for your presentation. I have a question. This legislation's definition of public sector is quite broad. Is your intention to include all public service providers, even those whose funding from public funds makes up only a very small percentage of their overall funding envelope?

Mr. Stephan: Sure. I can answer that question. You mean the definition of public service? Not every public service is one that would be defined as a designated public service. This is management by exception, so not every public service is one that will be a designated public service. And you're right; the definition of public service is one that "is funded, in whole or in part, by public funds," which is ultimately the taxpayer.

In respect of particular costs that are lower in terms of their component of public funds, they don't have to be defined as a designated public service. You know, for example, in the government operating budget we know that over 40 per cent of the provincial government operating budget is in Health, right? Management by exception: to the extent that we can be better stewards in terms of both the use and provision of health care services, that allows government to also support and fund other

priorities and, of course, support the sustainability of those really important services.

The Chair: Thank you.

A follow-up, please, very briefly.

Ms Goodridge: Yeah, a very brief follow-up. Then do you see there being, like, a minimum threshold as to what percentage of funds comes from public dollars in order to have these reportable? I would hate to see an organization shy away from taking a government grant because the reporting would be so onerous that it would negate the value of the grant. I was just wondering: do you have any idea about or does your legislation cover those kinds of thresholds?

Mr. Stephan: Well, I think one of the things that the legislation signals in the definition of public service is that it listed and enumerated a number of services, and with those particular services – health service, provision of an education program, provision of a postsecondary education program, services provided by a municipality, hospital service, the provision of a nursing care home – if we consolidated those services and summed them, they would represent a significant majority of the costs of government services that taxpayers pay for.

The legislation itself does signal a focus, management by exception, where the benefit will exceed the cost. That's what we want to accomplish. We want to equip the public with the knowledge of the most important services, the ones that cost the very most. It does say, "Any other prescribed . . . service," because as government evolves or things change, we want to give the government an opportunity to make sure that we are able to provide additional information to the public as required.

The Chair: Thank you, Member. Thank you. Time has expired. Member Stephan, thank you very much for coming here today and presenting to the committee. You certainly are welcome to stay as we receive our next presentation, from Treasury Board and Finance. Thank you again.

Ladies and gentlemen, members of the committee, we're now going to have a technical briefing on this bill by the Ministry of Treasury Board and Finance. I don't have you up on the screen at the moment, so I'm not aware of who is there in the room. You will have up to five minutes for your presentation along with 20 minutes of questions and answers, of course, by committee members.

With that, before we start the clock, if you could just introduce yourselves and your titles, and then we will continue with the presentation. Treasury Board and Finance, the floor is yours.

Ms Mentzelopoulos: Hi. It's Athana Mentzelopoulos. I'm Deputy Minister of TBF, but my colleague Dan Stadlwieser, the Controller general, will be making remarks today.

The Chair: Thank you very much.

Mr. Stadlwieser: Thank you, Chair. My remarks focus on potential areas for the committee to consider in assessing the bill. The bill, if enacted, would give the government very broad authority to potentially put in place substantial reporting requirements related to the cost of services. This additional reporting could increase transparency and accountability.

There is already fairly extensive reporting for government agencies providing public services. Examples include business plans, annual reports, financial statements, and performance reporting. We support accountability and transparency. However,

information on the specific cost of providing a particular public service is fairly limited.

10:45

A few examples of existing information in annual reports for context are included in the following: for Advanced Education, the ministry annual report has information on postsecondary institutions' expenses, with results analysis focusing on areas such as employment rates and enrolment. There are some statistics on their website on head count enrolment and program completion. Postsecondary institutions' financial statements also provide further breakdown of expenses by function, including areas such as academic costs and research and by objects such as salaries and benefits, materials, and supplies.

For Education, the ministry annual report has information on directly incurred expenses going all the way from early childhood services to grade 12 instruction and includes costs of school transportation and other areas. Results analysis is focused on participation rates, achievement of standards, et cetera. Information is also available for student population by grade and by authority system.

For Health, the ministry annual report has information on directly incurred expenses for acute care, continuing care, ambulance services, et cetera, with results analysis focused on wait times per capita, health expenditures, cost of hospital stays, et cetera. The AHS annual report has statistics as well: number of visits, calls, births, beds, staff, and other information.

While there's currently no overarching legislation that would enable such reporting as proposed in the bill, there currently exist some other mechanisms that the government could use to achieve similar objectives. For example, this could be done as a condition of a contribution agreement. Conditional contribution agreements already often include various reporting requirements and performance metrics. Going forward, these could be strengthened where desirable to require detail relating to cost of service and/or performance.

Another mechanism to improve per-service cost reporting could be through annual reporting requirements for accountable organizations under the Fiscal Planning and Transparency Act. Examples of accountable organizations include postsecondary institutions, school boards, and Alberta Health Services. Costs of a particular service could be added to the existing annual reporting requirements. Also, Treasury Board directives could potentially be utilized. This would be limited to provincial agencies subject to the Financial Administration Act. A jurisdictional scan could determine if something similar was done elsewhere and, if it was successful, would be useful information.

Regarding stakeholder reaction, what the stakeholder reaction would be is unclear. Some may welcome the opportunity to request information on the cost of a public service. It is unknown the extent to which users of a particular public service would take advantage of the opportunity to request the cost of the service if this option were available to them. Also, public service providers may not be supportive of the administrative burden unless additional public funding was given to fund the administrative cost.

Additional information would assist in better understanding the bill – for example, to determine what public services would likely be designated – and ensuring that reportable costs are consistent using common definitions such as fully loaded cost versus direct cost to ensure that comparable information is available within the public service and possibly across jurisdictions.

That concludes my remarks.

The Chair: Well, thank you very much, sir, and thank you very much for that presentation.

We're now going to move into the question-and-answer portion from our members. Again, as is convention, we'll start – this is a government member's bill, so we'll start with the Official Opposition. We have Member Irwin on the list first.

Go ahead, please, Member.

Member Irwin: Perfect. Thank you. Yeah. I would have liked to have gotten some questions in to the member. You know, I just need to get on the record that, to me, it seems like another attack by this government on public servants, public servants who we know have been working so hard in the midst of a pandemic. I view this very much as well – you mentioned sort of the burden on public servants, and it's hard not to see this as a whole heck of a lot more work for already hard-working folks.

I appreciated your comments as well around, you know, the reporting requirements that are already in place. You used Education as an example. As someone who worked for Alberta Education for a few years, I saw first-hand the requirements that are already in place.

I would have asked the member about consultation. I know that it's not fair to ask you that, but I do wonder: other than having consulted with his red tape colleague, who else has he consulted with? Again, I would love to know how other departments would respond to such a bill. Maybe the question I'll ask, because, again, it's not fair to ask you some of those questions – you did mention perhaps the need for a jurisdictional analysis on this. Do you know if there has been any sort of analysis? Has there been an evidence-based approach taken leading up to this bill?

Mr. Stadlwieser: I'm not too sure on the process to come up with this bill, but certainly for government reporting we do compare to other jurisdictions, so for the reporting example that I mentioned here, that is done. Certainly, I do want to mention that while I mentioned examples of reporting, I think there's always opportunity to improve reporting in areas of effectiveness and efficiency. Certainly, there are always areas for improvement with existing reporting. I think our current reporting, from my understanding – this is very generally speaking – is quite comparable to other jurisdictions. I'm not aware of any specific legislation of this nature in other jurisdictions, but it may exist.

The Chair: Member, a follow-up, please.

Member Irwin: Yeah. I think it just speaks to the need for a bit more analysis. I'm wondering. Can you provide – I know you spoke pretty generally there, but did your department have an opportunity to dig into perhaps any areas where there is a need for increased reporting? Unlike the previous bill, this is not something that I or my colleagues are hearing about. We're not hearing concerns about the need for extra paperwork and extra burdens imposed upon our public servants.

Mr. Stadlwieser: I would say that they are. I mean, certainly in terms of financial costs, in terms of total costs by program I think that's fairly, you know, out there in various documents, but in terms of performance metrics, that is an area that the government continuously seeks to improve in terms of actually driving behaviour. I think one of the committee members also mentioned it, certainly having the results driven by what's measured and gets done. Certainly, in the area of performance measurement I think we're always looking for areas of improvement. I do think the area of efficiency is an area where there's room for improvement. We

haven't done any specific recent analysis out of my office on that, though.

The Chair: All right. Thank you.

We'll next move on to Member R.J. Sigurdson with a question and follow-up, please.

Mr. Sigurdson: Yes. Thank you, Chair, and thank you to the department as well for commenting on this important bill. I guess I want to just kind of ask a broad question to start with to see if you might be able to give a little bit of depth to this. I know previously, in the past and a long time ago, there used to be a little bit more of a notification that was given in Alberta Health on what the direct cost was per person for hospital visits and so on and so forth. I guess this may be a stretch, but do you have an estimate on how much implementing some of these reporting requirements outlined in this bill would be? Is there any estimate that you could provide to this committee on what you feel the financial impact of this will be?

Mr. Stadlwieser: I mean, in terms of specific costs, certainly if the information is already existing, if the data is there and it's already been, you know, in the system for another purpose and gathered the costs, it's in the system. If you wanted to report it, I don't think the cost would be that large, per se. Now, clearly, if you had to go out and gather new information, that would certainly be a fairly significant cost or if you had to reassemble it significantly differently, but if the information is in the financial database systems, I think this information could be pulled together relatively quickly.

Our current financial system: certainly, in writing the cost for a particular thing for department type of expenses, I think we track expenses fairly detailed at a program kind of level. You'd have the total cost, and then if you have the numerator and denominator – i.e. the number of services that are provided – you could come up with that, but it depends. If it's new information, it would be fairly costly to gather – that's for certain – but if it's in the existing financial systems, it could be done at a relatively reasonable cost.

The Chair: A follow-up, please, Mr. Sigurdson.

Mr. Sigurdson: Maybe just driving a little bit deeper on that, at this point in time are you aware if there is the cost breakdown per taxpayer of every time they make a hospital visit, the cost of a kid's education? Do you know if all of those are apparent? I mean, just kind of comment on whether that would be new information or not. Are you aware if it would require new information?

Mr. Stadlwieser: I'll just speak generally once again. I know you have specific questions, but I certainly know a number of areas track caseloads and would have the costs by program, so they would be able to arrive at a number of areas, you know, kind of generally speaking, what it is costing per a particular service or a particular individual.

10:55

Now, in terms of where they're tracking specifically the items, I know it's available in a number of programs. I do attend Treasury Board meetings, so I do know that we track that kind of program information and caseload information for various programs, so they could arrive at that for a number of programs, potentially, but for many they wouldn't have maybe the level of detail that I arrived at for certain.

The Chair: All right. Thank you.

Member Carson, you're up next for a question and follow-up, please.

Mr. Carson: Well, thank you Mr. Chair. I appreciate the presentation from the member this morning and also the department being here to speak to some of the things that they can do to this bill, so thank you for that.

From my critic portfolio of Service Alberta I have concerns, specifically when we look at things like key performance measures within the business plan, the ministry business plan, and we talk about trying to encourage more Albertans to use government services because, of course, that is what they are there for, to support the general public.

When we start talking – of course, we're very broad here right now – about who or what is going to be reported on and even considering our own role as private members and MLAs, some of the work that we do, whether it's as notaries or whether it's casework in helping somebody get onto the AISH program or Alberta Works, I have real concerns about the cost of reporting. So I appreciate – well, the cost of reporting but also if somebody, say a senior, is to get a receipt for the services that they accessed and they look at that and say, "Wow; I cost the government \$100 for my request," of course, there's an appreciation for getting that information, but they might also not use government services again in the future because they're worried about the cost. Obviously, that might be a question for Service Alberta, but from a TBF standpoint is there a concern that this type of reporting could affect the relationship between the public and their willingness to bring forward issues to government?

Mr. Stadlwieser: No, I don't believe that would be the case. No.

The Chair: Okay. A follow-up please, Mr. Carson.

Mr. Carson: Sure. Yeah. Once again, the previous member alluded to it a little bit, but I do have concerns. As private members we are encouraged or expected not to bring forward legislation that is considered a money bill or that would cost money. Once again, just from a TBF standpoint, do you believe that this could be implemented without costing any money to the public or the government?

Mr. Stadlwieser: Certainly, there would be some cost. I mean, it could be maintained at a fairly low level, but there would definitely be some cost associated with it.

Mr. Carson: Thank you.

The Chair: Thank you.

Mr. Getson, a question and follow-up please, sir.

Mr. Getson: Absolutely. Thank you so much for the presentation. I really appreciate that. Actually, you guys are the accountants; I was the project controls guy. So you guys were typically laser focused in that level of accounting practices. I was the guy that was kind of hand-grenade accuracy. At least with those types of differentials, we could control and manage projects and control those behaviours. I'm actually very encouraged to hear that you already have a lot of these reporting methods in place. I'm very much encouraged to hear that a lot of this can be spooled up or that it's all readily available.

A couple of quick ones here for you. Where would you see the low-hanging fruit? Which departments or which areas could we focus on in order of magnitude? I think the intent of the member's bill here is order of magnitude. Which areas kind of have most of these reporting systems in place so that they might be able to be tweaked, again understanding that we wouldn't be going down to the infinitesimal level of detail but more over to the higher order of

magnitude reporting, using existing cost reports, using existing cost codes, and just starting to get a little bit more granularity or sight to it? Where's the low-hanging fruit? What could we go after first?

Mr. Stadlwieser: I'd want to do a little more analysis for that. I don't know. At the office of the Controller I certainly know at a high level, but I'd want to talk to the specific ministries per se before I would say where the opportunities would be, the lowest hanging fruit at the lowest cost that we could do this. I wouldn't want to speak for any individual ministry. Sorry about that.

Mr. Getson: I appreciate that, sir.

And then a follow-up if I may? Just a quick follow-up on that, too. One of the things on coming into government, no different than any members on the other side of the floor, that I was a little surprised at was how antiquated some of our systems are as a government. I mean, some areas had faxes and dot matrix printers and antiquated systems. Would this be part of an upgrade of the existing systems we have that you're aware of? Would they be able to facilitate something like this?

Mr. Stadlwieser: I think that's what the challenge would be for some of this: various legacy systems. We'd have some of the information in one system and some of the information in another system. Now, we are certainly making, you know, good advancements in the government with the new ERP system and other areas in terms of advancing our technology underlying it, and that's one of the reasons we're investing so heavily in technology, to move forward. Certainly, I think the information is in the system, but I think it'd be pulled from two different systems in most cases. I think that's where the challenge and the additional cost might come into play.

The Chair: Good. Thank you very much, sir.

Mr. Nielsen, go ahead, please, for a question and follow-up.

Mr. Nielsen: Yeah. Thank you, Mr. Chair. I guess, much like I had started with Member Stephan around some of my initial comments – and I'm going to hopefully assume that you have a copy of the bill that's present. I'm specifically looking on page 2 under (j)(ii)(A), "a health service." When I look at that, based on my experiences that I've had in the past where I would be, you know, arguing on behalf of an employee about the delay that they would get because of, say, a forklift and then the delayed time getting the supervisor to actually report that, with that kind of thinking in mind – and I will look at a nurse in a hospital. The amazing work that they do tends to fill up their day quite completely, including even some extra, to the point where, I mean, I've even heard of times where it's hard enough just to take two minutes to stop and grab a bite of a sandwich. So if we have some kind of reporting measures in place, if that forces some kind of potential overtime in order for that nurse to fulfill those reporting requirements, do you foresee, I guess, potentially, any problems with push-back on that, where employees will be expected yet again to take on yet even more work, from the perspective of a nurse, to try to get this reporting done?

Mr. Stadlwieser: I mean, I think, obviously, the nature of the bill would certainly be that you'd want to continue the focus on the client, that patient care would be the primary focus. Certainly, you wouldn't envision wanting to add anything, you know, above existing reporting, probably, in this situation that would cause, as you mention, overtime and that. I think you'd have to be cautious so that that would not occur. Certainly, I think that, obviously, the focus is on the patient, and you wouldn't want to add additional

layers that unnecessarily would cause additional administration, but I think existing information might exist within existing systems that they potentially could use.

Mr. Nielsen: Then the follow-up, which, unfortunately, Chair, is maybe not exactly with it but kind of following off Mr. Sigurdson's question – sorry; maybe it was Mr. Getson – around the systems. You mention that there are two. Some are a little bit antiquated. Do you feel that then in order to try to implement such a bill – do we need to then upgrade systems to be able to take on this task?

Mr. Stadlwieser: Certainly, I think, you know, the digital modernization of most of these legacies: the older ones certainly would have to be upgraded at some point. I don't know if you would do it particularly for this legislation per se, but as you modernize those systems, it may be something you would take into consideration. Certainly, I think that a number of our systems do have to be modernized, and we're certainly going through that process currently.

The Chair: All right. Thank you, sir.

We'll now go to the government members' side. Is there anybody who has a question on the government members' side?

Mr. Getson: I can talk about cost controls all day.

The Chair: That's all right. We can always come back to the government members.

But I have Member Lori Sigurdson. You are on the list. Go ahead, please, ma'am.

Ms Sigurdson: Thank you, Mr. Chair. I'm curious. I don't know – I'm not sure – in the room, for the people that are public servants, how long you've been in the service. I imagine for some of you it's quite a long time. I'm sorry. I don't remember your name, the fellow who did the presentation. How long have you worked for the public service?

11:05

Mr. Stadlwieser: The provincial public service?

Ms Sigurdson: Yes.

Mr. Stadlwieser: Maybe 16 years or 17 or so.

Ms Sigurdson: Okay. A long time. A long time. Oftentimes when we have worked, you know, in the same place for a period of time, you can see sort of the ebbs and flows or centralized/decentralized, report/don't report. We can go up and down on these kinds of things.

I'd just be curious to hear your view on this, but certainly, you know, I mean, there's no doubt that this UCP government has indicated that they think that some services need to be privatized, that the government needs to get out of the business of that. Certainly, in the budget, affordable housing: they're dramatically cutting that budget. That area, I'm sure, will be privatized in the next few years, really. Those decisions are made.

I'm just thinking that this bill, if it's passed, would set the table to sort of identify what costs the government more money and thus needs to be privatized. That is kind of one of the adages of the UCP government, that things that cost money – you know, public services cost too much, we need to privatize, the private sector does everything better, which I totally disagree with. I don't see it that way at all.

Does this look to you like setting the table for that kind of thing, privatization of the public service of, you know, health services, perhaps, in some areas and other things like that?

Mr. Stadlwieser: I don't see the connection. I mean, in terms of performance reporting, well, I was looking to improve performance reporting, and certainly tracking the cost of all the services, I think, is important. Could we track, you know, a slightly more analytical perspective? That's how I'd view this, in terms of financial analytics, in terms of linking the cost back to a particular service. I do believe there's room for improvement there, so I don't think that that necessarily equates to what you're referencing there. I mean, certainly, I think better information is useful for decision-makers.

Ms Sigurdson: Yeah. But we already heard from the presenter of this bill that, you know, this information is already available, and it's really just a communications exercise because people need to know more about it. Many parts of the government – the Auditor General, for example – do reporting regularly, so it really would be a burden on the public servants and, I think, will be used to justify a cut in further programs. Certainly, in my experience as a public servant years ago, as a very proud social worker, working for the government of Alberta, I saw that happen.

Okay. Thank you. No further comments.

The Chair: Okay. Thank you very much.

We'll now go to Mr. Getson for a question.

Mr. Getson: Well, thank you. I appreciate that, Mr. Chair. Like I said, I can talk about cost controls and project controls all day long. Some of the information we're getting – I'm going to digress a little bit with fellow members of the committee in different ilks and backgrounds.

The thing that is consistent, regardless of whether it's public service or large corporations, is that if folks don't understand the intent of something, firstly, they'll think it's the worst. The second thing that happens is that they think it's going to cost more to divulge information they have. The fourth thing – or sometimes it goes along those lines that they feel that's painting them with a target because you'll understand what costs of services are. So this isn't new, and it isn't just unique for the public service for these intents; it also happens in large corporations.

But from my experience every time that you can quantify and control something and measure it, things actually work better. Typically your service levels go up; your values go down. There's more of a team spirit and those types of things. That's what happens when you start debottlenecking or red tape reduction, to put it in that term of the vernacular.

I guess, with that, with the department, have you done similar initiatives in the past where you've put in performance indicators that you absolutely started to be able to control and influence behaviours, or have you ever been asked in the past to report on different departments in a different way that would give you a better line of sight to control those behaviours with cost? [A timer sounded]

The Chair: It's okay. We'll allow Treasury Board to give an answer here.

Thank you.

Mr. Stadlwieser: Well, certainly, I think we're always looking to improve performance measurement, and I would, you know, kind of tie in this question with the previous one. The Auditor General has made recommendations for us over the past number of years to

improve our performance measurement, and we've made, I think, some very significant strides in those respects.

The Chair: Well, thank you very much. Thank you again to Treasury Board for coming by this morning and actually spending the entire morning with us. Thank you very much for your answering the questions. Thank you, members, as well. Of course, thank you to Mr. Stephan for his presentation as well.

Ladies and gentlemen, members of the committee, we're now going to the review of Bill 209, Cost of Public Services Transparency Act.

Oh, my apologies. We're now going to the decision. My apologies. We're going to decisions on the review of Bill 209. Hon. members, the committee must now decide how to conduct the review of Bill 209. The options, again, are to invite stakeholders for feedback or to expedite the review of the bill. Does anyone have any comments in regard to the committee's review? Mr. Schow.

Mr. Schow: Thank you, Mr. Chair, and thank you to everyone that presented to us today. I think that there are certainly a lot more questions that members on both sides probably have on this, and it might be worth while bringing in some other stakeholders to hear some different perspectives on that outside of the member who presented and members from the department.

I suspect, Mr. Chair, that you have a draft motion in front of you that may indicate the intent of what I hope the will of the committee is, which is to bring in stakeholders actually with the exact same parameters as the previous bill that we deliberated today. That would be basically to invite stakeholders, allowing a maximum of three stakeholders per caucus, and those stakeholder names would be submitted by 3 p.m. on Tuesday, March 2.

The Chair: Okay. We'll allow the clerk to get something on the board.

I'd like to open the floor to further discussion on this. I see Mr. Nielsen.

Mr. Nielsen: Thank you, Mr. Chair. Yeah. I, too, would also like to thank the presenter and the department staff for coming in. Certainly, we do. I certainly have some questions. You know, I think there are people wondering about what type of implications this could mean for government. Again, I'm kind of an individual that looks at this from the other side, and frankly some of the fights that I had with my former employer with regard to people's time and discipline even came out of that. When we're talking about public-sector employees, as I had mentioned earlier around, say, the instance of a nurse, if that nurse is not able to get to the reporting because of whatever happens to be going on at the hospital at the time, requires to take that time, are there implications from that? Or if they refuse and are not able to get the reporting done, are there implications to that, too?

There are definitely some unanswered questions there, so I would certainly support the idea of bringing in stakeholders. Hopefully, we get a chance to hear from maybe some of those groups and what could be the problems there. I would certainly encourage others to take that into consideration.

The Chair: Thank you, Member.

I'm hearing consensus, but I will open up the floor if anybody else would like to make a comment. Yup. Mr. Getson.

Mr. Getson: Sorry. No, I really enjoyed this area. I, too, support the motion that we bring in some stakeholders. Also, for the member's benefit that brought the bill forward, potentially there is a chance for him to redefine or recategorize some of these and what level of granularity or detail he'd be looking for. I'd appreciate that.

The Chair: Okay. Thank you.

Anybody else?

Okay. Hearing none, I will read the motion as submitted by Mr. Schow. Mr. Schow would move that

the Standing Committee on Private Bills and Private Members' Public Bills invite up to three stakeholders for each caucus to make presentations regarding Bill 209, Cost of Public Services Transparency Act, at an upcoming meeting and provide the stakeholders list to the chair and committee clerk by Tuesday, March 2, 2021, at 3 p.m.

Mr. Schow, does that sound correct, like you wanted to submit?

Mr. Schow: Yes.

The Chair: Okay. Thank you very much.

With that, I will put the question to the committee. In regard to this motion, all those in favour, say aye. On the phone? Any opposed, say no. On the phone? Hearing none, that motion has been carried.

Thank you very much to committee members on that.

All right, ladies and gentlemen. Thank you very much. We've concluded the review of bills 208 and 209, so I guess we'll move to other business. Are there any other issues for discussion before we wrap up today's meeting?

Hearing none – okay – the date of the next meeting is actually Monday, March 1, 2021, from 9 a.m. to 12 p.m., where we will discuss one of the upcoming bills.

Adjournment: would anybody like to make a motion to adjourn? Mr. Getson – hand up first – thank you very much. All those in favour to adjourn, say aye. On the phone? Anybody opposed, say no. That motion is carried.

Thank you very much ladies and gentlemen. I hope you have a great day.

[The committee adjourned at 11:15 a.m.]

