



Province of Alberta

The 29th Legislature
Second Session

Alberta Hansard

Thursday morning, March 10, 2016

Day 3

The Honourable Robert E. Wanner, Speaker

Legislative Assembly of Alberta
The 29th Legislature

Second Session

Wanner, Hon. Robert E., Medicine Hat (ND), Speaker
Jabbour, Deborah C., Peace River (ND), Deputy Speaker and Chair of Committees
Sweet, Heather, Edmonton-Manning (ND), Deputy Chair of Committees

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| Anderson, Shaye, Leduc-Beaumont (ND) | MacIntyre, Donald, Innisfail-Sylvan Lake (W) |
| Anderson, Wayne, Highwood (W) | Malkinson, Brian, Calgary-Currie (ND) |
| Babcock, Erin D., Stony Plain (ND) | Mason, Hon. Brian, Edmonton-Highlands-Norwood (ND), Government House Leader |
| Barnes, Drew, Cypress-Medicine Hat (W) | McCuaig-Boyd, Hon. Margaret, Dunvegan-Central Peace-Notley (ND) |
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| Carlier, Hon. Oneil, Whitecourt-St. Anne (ND), Deputy Government House Leader | McKittrick, Annie, Sherwood Park (ND) |
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| Drysdale, Wayne, Grande Prairie-Wapiti (PC), Progressive Conservative Opposition Whip | Piquette, Colin, Athabasca-Sturgeon-Redwater (ND) |
| Eggen, Hon. David, Edmonton-Calder (ND) | Pitt, Angela D., Airdrie (W) |
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| Feehan, Hon. Richard, Edmonton-Rutherford (ND) | Rodney, Dave, Calgary-Lougheed (PC) |
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| Fitzpatrick, Maria M., Lethbridge-East (ND) | Sabir, Hon. Irfan, Calgary-McCall (ND) |
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| Goehring, Nicole, Edmonton-Castle Downs (ND) | Schreiner, Kim, Red Deer-North (ND) |
| Gotfried, Richard, Calgary-Fish Creek (PC) | Shepherd, David, Edmonton-Centre (ND) |
| Gray, Hon. Christina, Edmonton-Mill Woods (ND) | Sigurdson, Hon. Lori, Edmonton-Riverview (ND) |
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| Horne, Trevor A.R., Spruce Grove-St. Albert (ND) | Strankman, Rick, Drumheller-Stettler (W) |
| Hunter, Grant R., Cardston-Taber-Warner (W) | Sucha, Graham, Calgary-Shaw (ND) |
| Jansen, Sandra, Calgary-North West (PC) | Swann, Dr. David, Calgary-Mountain View (AL) |
| Jean, Brian Michael, QC, Fort McMurray-Conklin (W), Leader of the Official Opposition | Taylor, Wes, Battle River-Wainwright (W) |
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| Kleinstauber, Jamie, Calgary-Northern Hills (ND) | van Dijken, Glenn, Barrhead-Morinville-Westlock (W) |
| Larivee, Hon. Danielle, Lesser Slave Lake (ND) | Westhead, Cameron, Banff-Cochrane (ND), Deputy Government Whip |
| Littlewood, Jessica, Fort Saskatchewan-Vegreville (ND) | Woollard, Denise, Edmonton-Mill Creek (ND) |
| Loewen, Todd, Grande Prairie-Smoky (W) | Yao, Tany, Fort McMurray-Wood Buffalo (W) |
| Loyola, Rod, Edmonton-Ellerslie (ND) | Vacant, Calgary-Greenway |

Party standings:

New Democrat: 54 Wildrose: 22 Progressive Conservative: 8 Alberta Liberal: 1 Alberta Party: 1 Vacant: 1

Officers and Officials of the Legislative Assembly

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| W.J. David McNeil, Clerk | Stephanie LeBlanc, Parliamentary Counsel and Legal Research Officer | Brian G. Hodgson, Sergeant-at-Arms |
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| Shannon Dean, Senior Parliamentary Counsel/Director of House Services | Nancy Robert, Research Officer | Gordon H. Munk, Assistant Sergeant-at-Arms Janet Schwegel, Managing Editor of <i>Alberta Hansard</i> |

Executive Council

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| Rachel Notley | Premier, President of Executive Council |
| Sarah Hoffman | Deputy Premier, Minister of Health |
| Deron Bilous | Minister of Economic Development and Trade |
| Oneil Carlier | Minister of Agriculture and Forestry |
| Joe Ceci | President of Treasury Board and Minister of Finance |
| David Eggen | Minister of Education |
| Richard Feehan | Minister of Indigenous Relations |
| Kathleen T. Ganley | Minister of Justice and Solicitor General |
| Christina Gray | Minister of Labour, Minister Responsible for Democratic Renewal |
| Danielle Larivee | Minister of Municipal Affairs |
| Brian Mason | Minister of Infrastructure, Minister of Transportation |
| Margaret McCuaig-Boyd | Minister of Energy |
| Stephanie V. McLean | Minister of Service Alberta, Minister of Status of Women |
| Ricardo Miranda | Minister of Culture and Tourism |
| Brandy Payne | Associate Minister of Health |
| Shannon Phillips | Minister of Environment and Parks, Minister Responsible for the Climate Change Office |
| Irfan Sabir | Minister of Human Services |
| Marlin Schmidt | Minister of Advanced Education |
| Lori Sigurdson | Minister of Seniors and Housing |

STANDING AND SPECIAL COMMITTEES OF THE LEGISLATIVE ASSEMBLY OF ALBERTA

Standing Committee on the Alberta Heritage Savings Trust Fund

Chair: Ms Miller
Deputy Chair: Mrs. Schreiner

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| Cyr | McKitrick |
| Dang | Taylor |
| Ellis | Turner |
| Horne | |

Standing Committee on Alberta's Economic Future

Chair: Mr. Sucha
Deputy Chair: Mr. Schneider

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| Anderson, S. | Hunter |
| Carson | Jansen |
| Connolly | Panda |
| Coolahan | Piquette |
| Dach | Schreiner |
| Fitzpatrick | Taylor |
| Gotfried | |

Select Special Ethics and Accountability Committee

Chair: Mrs. Littlewood
Deputy Chair: Ms Miller

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| Anderson, W. | Nielsen |
| Clark | Nixon |
| Connolly | Renaud |
| Cortes-Vargas | Starke |
| Cyr | Sucha |
| Drever | Swann |
| Jansen | van Dijken |
| Loyola | |

Standing Committee on Families and Communities

Chair: Ms Goehring
Deputy Chair: Mr. Smith

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| Drever | Pitt |
| Hinkley | Rodney |
| Horne | Shepherd |
| Jansen | Swann |
| Luff | Westhead |
| McPherson | Yao |
| Orr | |

Standing Committee on Legislative Offices

Chair: Mr. Shepherd
Deputy Chair: Mr. Malkinson

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| Cooper | Littlewood |
| Ellis | Nixon |
| Horne | van Dijken |
| Jabbour | Woollard |
| Kleinsteuber | |

Special Standing Committee on Members' Services

Chair: Mr. Wanner
Deputy Chair: Cortes-Vargas

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| Cooper | McIver |
| Dang | Nixon |
| Fildebrandt | Piquette |
| Jabbour | Schreiner |
| Luff | |

Standing Committee on Private Bills

Chair: Ms McPherson
Deputy Chair: Mr. Connolly

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| Anderson, W. | Kleinsteuber |
| Babcock | McKitrick |
| Drever | Rosendahl |
| Drysdale | Stier |
| Fraser | Strankman |
| Hinkley | Sucha |
| Kazim | |

Standing Committee on Privileges and Elections, Standing Orders and Printing

Chair: Ms Fitzpatrick
Deputy Chair: Ms Babcock

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| Carson | Loyola |
| Coolahan | McPherson |
| Cooper | Nielsen |
| Ellis | Schneider |
| Goehring | Starke |
| Hanson | van Dijken |
| Kazim | |

Standing Committee on Public Accounts

Chair: Mr. Fildebrandt
Deputy Chair: Mr. S. Anderson

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| Barnes | Luff |
| Cyr | Malkinson |
| Dach | Miller |
| Fraser | Renaud |
| Goehring | Turner |
| Gotfried | Westhead |
| Hunter | |

Standing Committee on Resource Stewardship

Chair: Loyola
Deputy Chair: Mr. Loewen

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| Aheer | Kleinsteuber |
| Babcock | MacIntyre |
| Clark | Malkinson |
| Dang | Nielsen |
| Drysdale | Rosendahl |
| Hanson | Woollard |
| Kazim | |

Legislative Assembly of Alberta

9 a.m.

Thursday, March 10, 2016

[The Deputy Speaker in the chair]

Prayers

The Deputy Speaker: Good morning.

Let us reflect. Let us take time to understand and prioritize our duties so that we can properly fulfill the requests of our constituents and of all Albertans who are counting on our help.

Please be seated.

Orders of the Day Committee of Supply

[Ms Jabbour in the chair]

The Chair: I'd like to call the Committee of Supply to order.

Interim Supply Estimates 2016-17 General Revenue Fund and Lottery Fund

The Chair: Before we commence the consideration of interim supply, I want to briefly review the standing orders governing the speaking rotation. As provided for in Standing Order 59.02, the rotation in Standing Order 59.01(6) is deemed to apply, which is as follows:

- (a) the Minister, or the member of the Executive Council acting on the Minister's behalf, may make opening comments not to exceed 10 minutes,
- (b) for the hour that follows, members of the Official Opposition and the Minister, or the member of the Executive Council acting on the Minister's behalf, may speak,
- (c) for the next 20 minutes, the members of the third party, if any, and the Minister or the member of the Executive Council acting on the Minister's behalf, may speak . . .
- (d.1) for the next 20 minutes, the members of any other party represented in the Assembly or any independent Members and the Minister, or the member of the Executive Council acting on the Minister's behalf, may speak,
- (e) for the next 20 minutes, private members of the Government caucus and the Minister or the member of the Executive Council acting on the Minister's behalf, may speak, and
- (f) for the time remaining, to the extent possible, the rotation outlined in clauses (b) to (e) shall apply with the speaking times set at 5 minutes as provided in Standing Order 59.02(1)(c).

During the first rotation speaking times are limited to 10 minutes. Once the first rotation is complete, speaking times are reduced to five minutes. Provided that the chair has been notified, a minister and a private member may combine their speaking times, with both taking and yielding the floor during the combined period.

Finally, as provided for in Government Motion 8, approved by the Assembly yesterday, the time allotted for consideration is three hours.

So the Committee of Supply has under consideration the 2016-17 interim supply estimates, and I'll now recognize the hon. President of Treasury Board and Minister of Finance to move the estimates.

Mr. Ceci: Thank you, Madam Chair. I'd like to move the 2016-17 interim supply estimates for the Legislative Assembly and

government. This bill, consistent with previous interim supply bills, identifies the total amounts requested for each ministry for three types of spending: expenses, capital investment, and financial transactions. This is simply the legislation required to provide the spending authority to continue government operations beyond March 31 until Budget 2016 estimates are debated and approved.

As it notes in the preface of the estimates, expense amounts are cash disbursements for the purpose of salaries, supplies and services, operating grants, and capital grants to parties outside the consolidated government reporting entity. Madam Chair, what these estimates do is give government the spending authority to carry on day-to-day operations, including commitments to health care, education, social services, and all other programs and services Albertans rely on.

When passed, these interim supply estimates will authorize approximate spending of \$29.6 million for the Legislative Assembly, \$7.2 billion in expense funding, \$864 million in capital investment funding, \$164 million in financial transactions funding for the government, and \$363 million for the transfer from the lottery fund to the general revenue fund. These interim supply estimates provide funding authorization that will allow the normal business of the province to continue until the full 2016-17 estimates are approved before the end of May. These estimates also follow through on specific commitments this government has made to the people of Alberta. These estimates will be included and fully debated when the budget documents are tabled next month.

Madam Chair, the budget we will introduce next month will elaborate on this government's priorities, and they are to put Albertans back to work through infrastructure expansion and economic development initiatives, to be a fiscally prudent and responsible government that is focused on minimizing our deficit without making a bad situation worse, and to maintain a high-quality and efficiently run education system and access to health care and social services throughout the province. Our budget will continue to elaborate on economic development initiatives designed to put Albertans back to work, and it will continue to show how our government is restraining spending in light of our significant revenue shortfalls.

Only weeks ago I was proud to share the government's third-quarter report with all Albertans. That report showed clearly how this government is reining in spending on nonessential programming and doing that while continuing to focus on our priorities, priorities like our announcement that this government was investing an extra \$51 million in our children's schools to ensure we don't return to the days of overcrowded classrooms. That's nearly 400 new teachers in classrooms, educating our children and helping them shape this province's future leaders.

Madam Chair, approval of interim supply estimates pending the release and approval of the budget will allow the Assembly the time it needs to review and debate those plans in detail as we move forward in the interests of all Albertans.

Thank you, Madam Chair.

The Chair: I'd like to call on the hon. Member for Strathmore-Brooks. Hon. member, before you speak, did you want to combine your time back and forth, or would you prefer the 10 minutes?

Mr. Fildebrandt: I have remarks that will last approximately 15 to 20 minutes.

The Chair: Okay. You have only 10 minutes at one time, so if you want to do your remarks for 10 minutes.

Mr. Fildebrandt: If I can take 10 minutes, I'll engage with the minister and then resume my closing remarks afterwards.

The Chair: I believe you could do it that way. You have 10 minutes – that’s your limit right now – and then we would go on to the next member, but you could speak again. Go ahead.

Mr. Fildebrandt: Thank you, Madam Chair, for the opportunity today to speak to the interim supply bill before this House. There is almost nothing that I enjoy better than debating budgets and how we spend the people’s money in this province. I’ve spent years debating budgets, both inside and outside of this House. I’ve found it quite enjoyable, my time with the Minister of Finance and President of Treasury Board and our back-and-forth conversations. As enjoyable as they have been, they have not always been productive, however.

We are here not debating a budget but interim supply once again. In March 2015 this House voted \$12.6 billion in interim supply to get us over the unnecessary election period. Months later, in June 2015, this House voted \$18.6 billion in interim supply to get us through the federal election period. The NDP refused to give Albertans a budget so that they could go out and campaign for Thomas Mulcair and the federal NDP. They refused to give Albertans a budget so as to not worry Canadians about what a federal NDP government might do. That didn’t work out so well for the NDP. It took until late October 2015 for the NDP to finally give Albertans a budget, and that budget gave Albertans a deficit over three years of at least \$27 billion. That deficit will be significantly larger, as we pointed out at the time, but it took us until October 2015 before we finally got a budget.

9:10

We are now debating our fifth spending bill since this Legislature was elected, and we will be debating our sixth on Monday. Why are we debating another interim supply in this House? Where is the budget? Why is it late? Is it because the NDP doesn’t want the people of Calgary-Greenway to see what they’re doing? Some Calgaryans are going to be voting their judgment on this government. Perhaps the NDP doesn’t want to alarm the folks there about just how well their so-called jobs plan is going.

Perhaps we don’t have a budget because the government caucus didn’t want to show up for work. They weren’t here. I’m not sure what they were doing. The Wildrose believes we should not only have a budget today; we believe we should have had a budget several weeks ago. The Wildrose Official Opposition called for the early return of the Legislature to debate jobs, the economy, the deficit, and out-of-control spending in this province. The NDP said no. They had better things to do than to debate the people’s work.

An Hon. Member: Like sleeping in.

Mr. Fildebrandt: They were sleeping in, Madam Chair.

After they refused to call back the Legislature, we called for a jobs summit. You know what they said? Nothing. They were sleeping, Madam Chair.

The NDP have not done their homework, and that is why we don’t have a budget before us today. They are instead proposing \$8.7 billion in an interim supply minibudget to paper over things until the end of May. This is a payday loan from taxpayers. It is a predatory attack on the poor, beleaguered taxpayers of this province, asking for a blank cheque without any details about how they actually intend to spend the money. Instead of doing the work that needs to be done, the NDP are wasting the time of this Legislature with a dog-and-pony show. They are not doing their job. That is why we don’t have a budget in front of us. Instead, they’re asking for a blank cheque. They are asking us to give them \$8.7 billion of taxpayers’ hard-earned money with no details

whatsoever. The Wildrose does not believe in spending money without details first.

In the June interim supply debate the Finance minister and other ministers of the Crown were repeatedly asked how they were going to be spending the money. The Official Opposition asked pointed and pertinent questions about each and every single department in the government, about how money would be spent. You know what most of the ministers told the Official Opposition? “Wait and see. We don’t know. Wait for the budget.” Well, we have real questions to ask, and my colleagues in the Wildrose Official Opposition are going to have tough questions for the ministers here to try and get some answers about how the government intends to spend taxpayers’ money.

In comparison to the 2015 budget estimates this interim supply, for this short period of time until the end of May, has 85 per cent of the capital spend in the Advanced Education department for the entire fiscal year’s budget. Eighty-five per cent from now until the end of May will be spent relative to the entire fiscal year in Advanced Education on capital spending.

Seventy-five per cent of last year’s Economic Development and Trade spending is here at \$209 million. The Minister of Economic Development and Trade is asking for 75 per cent of the entire fiscal year’s budget for his department for just a few short months – that’s \$209 million – and so far the minister has only managed to create one job, his own.

Fully 25 per cent of last year’s capital spend on schools is here, \$300 million, 25 per cent of the entire year’s capital spend for just a few months.

Infrastructure – capital expenses should be huge in this section to account for the construction season – is only 7 per cent, though, of the entire fiscal year’s budget, \$73 million. It’s hard to connect the dots between where the government says that it’s going to spend money and where it’s actually spending money.

Municipal Affairs, where one would expect to see huge dollar amounts going out the door for MSI in the construction season, is only about 19 per cent of the expense vote.

Madam Chair, the Official Opposition was elected to hold the government accountable for its spending. The Wildrose was elected to stand up for taxpayers, and the Wildrose was elected to give a real voice for fiscal conservatism in this province, not to give the NDP a blank cheque.

The people of Alberta need a budget. They need certainty on taxes, economic development, and government services. Municipalities need to be able to plan for the year ahead. MSI, which is so critical to the sustainability of our municipal local governments, needs to be known in advance so that our municipalities can budget for their year. The unemployed in this province need a budget. Right now, Madam Chair, there is a population the size of Red Deer out of work. We haven’t seen unemployment levels like this in a generation, and we see nothing from the government but talk and bluster.

Last week I met with a group of unemployed oil field workers in Brooks, a group that calls itself Oil People Helping Oil People. They were organizing fundraisers to support other people out of work. These are real people helping other real people. I asked them what I as their MLA and their representative to the government could do to help. They said that they don’t want government handouts. They don’t need more government programs and intervention. What they said that they want is for us to stopping making it worse. They want us to get out of their way. They want us to stop killing jobs. They want the ideological experiments of the NDP to stop. They want the NDP to stop hurting people.

The Chair: The minister to respond.

Mr. Ceci: Thank you very much, Madam Chair. You know, I just want to say to the hard-right, ideologically based people on that side that their demigod, someone like Joe Oliver, the former federal Finance minister, brought forward his budget last year – when did he bring it forward? He brought it forward on April 21. On April 21. What he said at the time was: I am bringing this budget forward now because of the price volatility. “I’m waiting on delivering the budget,” he said, “because of the price volatility,” that was once in a generation, that he was experiencing at the federal Finance level.

We are bringing our budget forward – we are doing him one better – a full week before his. We are beating their demigod, which is Joe Oliver. So from where I sit, we’re doing better than your demigod. We’re doing better, and we’re not kind of bringing forward an ideological, hard-right perspective. We’re saying to the people of Alberta: this is a once-in-a-generation experience regarding the drop in revenues, and we are taking the time to get it right. We will bring forward the budget when it is ready. It is ready on April 14 and not before. In the interim we need to provide a supply bill that’ll get us through the next two months, April and May. When that is done, when May is done, we will have a full budget debated in this House, where everybody will have that opportunity. So it’s not right and it’s not accurate in terms of many of the things that the far right is saying on that side.

9:20

We are taking the time, as I’ve said, to get it right. Ministers here will get up and defend and answer the questions with regard to why there are certain estimates put in their budgets. For instance, I can tell you that the Minister of Economic Development and Trade has said that he needs that kind of upfront money to be able to pass on to the many Innovates and others that are going to expect those monies so that they can continue to do the jobs to employ Albertans and get things working. So that’s why there are some estimates that seem from that side to be out of whack in terms of the full budget, but there is no truth to that. There is explanation for everything that is going to be brought forward.

Thank you very much.

The Chair: Hon. Member for Strathmore-Brooks, do you want to continue, just take the full 10 minutes, or would you rather go back and forth?

Mr. Fildebrandt: Yes, Madam Chair. The Minister of Finance has said that the government is facing a once-in-a-lifetime challenge with the price of oil, but Albertans are facing a once-in-a-lifetime challenge by having an NDP government here right now.

The NDP might believe that the government of Alberta should take its cues from the federal government. I believe that Alberta’s government should take its cues from the best of our own traditions. I don’t believe that we should allow the federal government to dictate the way we do business here in Alberta.

In the last interim supply budget the minister couldn’t even tell this House what its effect would be on the deficit. He couldn’t tell us what the revenues would be, what the expenditures would be. Madam Chair, the Minister of Finance had one job, and he couldn’t do it. The Wildrose told the Minister of Finance that his revenue projections were unrealistic and that he had his head in the sand during the budget debates. Well, the Minister of Finance had the same kind of excuses as now: “Oh, shucks, what can I do? The price of oil and all. No government of Alberta has ever faced volatile oil prices before.”

Well, we said that their projections were rosy and unrealistic. They called it scaremongering from the Official Opposition. Well, it did turn out to be scary because we were right, Madam Chair. We

projected a deficit that would exceed \$9 billion. The deficit will now be north of \$10 billion. For some historical context, this will be more than twice as large as the next-largest deficit that this province has run in our history, even adjusted for inflation. It is a shameful record of fiscal mismanagement. The NDP has no plan to deal with the deficit. This isn’t a budget; this is a brochure. The NDP government, instead of putting together a budget to deal with the jobs, unemployment, and financial crisis in this province, are lining the pockets of NDP ideological friends and allies.

The Premier went to Ontario to raise close to \$200,000 for the Ontario NDP. Andrea Horwath is an enemy of Alberta, and her opposition to the reversal of line 9 and Energy East, which are critical to Alberta, speaks volumes to the priorities of this government. While the leader of the NDP was in Ontario raising money for the opponents of Alberta jobs and pipelines, the leader of the Wildrose Official Opposition was in Ontario at that same time selling Alberta. The Leader of the Opposition was speaking about the great story we have to tell of responsible economic development. The Wildrose did not raise a penny for the opponents of Alberta’s jobs, and that’s something I’m very proud to stand with in this caucus.

The NDP government is lining the pockets of AUPE union bosses. Just yesterday the Wildrose sounded the alarm on the appointment made 48 hours ago. Kevin Davediuk was hired by the NDP government from the AUPE to negotiate with the AUPE. Yesterday this guy still looked very much like an AUPE union boss. Think about it. An AUPE union negotiator negotiating with the AUPE. This is hiring the fox to guard the henhouse, Madam Chair.

A constituent of mine, you know, sent me a link to a National Car Rental commercial after this, and it had one guy talking about how great it was to negotiate with yourself. He said: “How about a 5 per cent raise? How about a 20 per cent raise? How about done? Isn’t it great to negotiate with yourself?” Well, that is the NDP’s relationship with the AUPE right now, Madam Chair. This is a gross conflict of interest that will be a rip-off to taxpayers. “Don’t worry; this guy will be tough,” the government is telling us, so tough, in fact, that his appointment was defended by none other than the Alberta Federation of Labour’s big union boss and failed NDP candidates. Government-sector union bosses are so terrified of the government’s new negotiator that they are singing his praises all day long in news releases. If the NDP had put half the effort into the budget that they do to appointing their union boss cronies, we would have had a budget before the end of this fiscal year. The NDP is distracted by the shiny objects of power.

I have a First Nations proverb to share with them. When you are hunting moose, don’t get distracted by the rabbit tracks. Many rabbit tracks they are following, Madam Chair. The NDP House leader said that the NDP, when they were in opposition, was like a dog chasing a car. If it caught the car, it wouldn’t know what to do with it. Well, the NDP have caught the car, and now the economy is reeling. Albertans are hurting. We have a record number of Albertans out of work, and all we have is one bill to write a job description for the minister responsible for jobs. We have a government with no plan whatsoever to control the expenditures of this province, which have been out of control for a decade. We have a Minister of Finance who has given us a brochure instead of a budget and a government that is more concerned with rewarding its friends with contracts, perks, and payouts than with standing up for the people of this province, who elected them to govern for all.

Madam Chair, the Wildrose Official Opposition was elected to hold this government to account. We were elected to stand up for taxpayers and for fiscal responsibility, and by any of those measures no member of the Official Opposition can in good faith vote for this bill.

Thank you.

The Chair: The hon. Government House Leader.

Mr. Mason: Thank you very much, Madam Chair. I'd like to just respond a little bit to some of the comments made by the hon. Finance critic for the Official Opposition. First of all, I want to say that he has become a past master at portraying the routine functions of government as some sort of scandal and taking advantage of people who may not be fully aware about the internal details of the operation of government. He has managed and his party attempts to fabricate issues where none actually exist. I'll just maybe give a few examples.

9:30

First of all, the question of the timing of the budget. I think the Finance minister has dealt with this. If you look at the history of budgets in this province, you will find that they have ranged from February until May, depending on the circumstances of the situation, and very, very rarely have the opposition, at least when we were on that side, made an issue. In one particular case, as I recall, under Mr. Klein's government, the budget was delayed very significantly, I think far more than normal, back into May, and we did make an issue of it at that time.

An April budget is not unusual. But for the Wildrose any excuse to try and generate some sort of public controversy and to vilify the government is good enough. They'll take advantage of the fact that maybe some people don't really keep track of when the budget comes down every year to try and create the impression on the part of the public that there's something unusual about the routine functioning of government. And this, I think, is a theme that we've seen played out again and again.

Again, with respect to the use of interim supply and the amount of detail contained in interim supply, I recollect that in almost every case that I've been in opposition criticizing the previous government, they have introduced interim supply because of the scheduling of the spring session, the time that it takes to put together a budget, and a number of other factors. Again, it is routine to have interim supply, but the Wildrose would like the public to believe that there's something unusual about this and that it is in some measure a failure on the part of this government that we're utilizing interim supply when every government across Canada, including the federal government and certainly historically here, has utilized interim supply. Again, the Wildrose is misleading the public by claiming that there's something, in fact, amiss or unusual about the use of interim supply.

Similarly, Madam Chair, the Finance critic has indicated that the interim supply estimates are nothing more than a pamphlet. Again he's trying to take advantage of the fact that people don't really have a detailed knowledge of how interim supply works in the parliamentary system, not just here but across the country, and takes advantage of the fact that most people don't understand that the interim supply has been prepared according to the standard format that has been utilized in this place for many, many years and many, many budgets. So there's nothing unusual. Everything that the Finance critic has said with respect to this matter is an attempt to throw dust in the face of voters and to try and create an impression that something is wrong when, in fact, everything is proceeding exactly according to the traditions, the norms of this place, and the history of this place and that our government is performing exactly as it should with respect to the budgetary process.

Now I'd like to deal with another matter in which the Official Opposition is attempting to misinform Albertans. Although it's a little bit off the track, I gave some thought to standing up on a point of order and interrupting the hon. member when he went into his rant about the chief negotiator for the province. But I suppose

there's a budgetary implication because, obviously, the allegation there is that we will not be vigorously protecting the finances of the province when it comes to negotiations. So I think, you know, that there is a case to be made, that this may in fact be a budgetary matter.

Now, it turns out the individual in charge has worked for many years as a negotiator. Most of his career has been on the employer side. He is a trained negotiator, highly skilled, that was recruited by AUPE in order to negotiate on their behalf, and he has been recruited by the government to negotiate on our behalf, not because he's a union person and not because he is going to misrepresent the interests of this government. I think that's a scandalous assertion and a real insult to the integrity of this particular individual. In actual fact he's a highly professional trained negotiator and one of the best in the field, and we've retained him in order to make sure that the interests of the taxpayers and the public expenditures are carefully looked at. The Wildrose does not stop, Madam Chair, to consider or to ask questions; they shoot first. They didn't get their facts straight. They didn't look into this matter. They don't have an understanding of collective bargaining. I think many of them would just wish that unions would go away. If they were in government, they would probably legislate them away.

The fact of the matter is, Madam Chair, that we are implementing a Supreme Court decision with respect to the duty to negotiate collectively and the rights of workers to organize. That is now the law of the land. That is something that we need to change, and we will be bringing in legislation. The opposition and the public can judge that legislation when we do bring it forward for debate. But in the meantime we have a responsibility to negotiate with our employees fairly, and we are going to do so. We have retained what we believe is the best talent in order to accomplish the goals of the government.

The scurrilous suggestions on the part of the Official Opposition that this government is in some way hiring some union hack in order to sell out the public is just too much to be stomach, Madam Chair. That is offensive. They do not get the facts straight. They do not wait for the facts. They just think: oh, this guy worked for a union; we can make an issue of this, and we can again throw dust in the eyes of the public. These are the tactics and approach that we've seen from the Wildrose. They claim that they want to debate substantive issues. They claim that they want to be talking about the budget. You know, the size of the deficit is a legitimate question that should be addressed. We are looking forward to the alternatives of our friends across the way in terms of dealing with the financial stresses. Let's be clear. In about a year the revenues of the province have declined by about 20 per cent. That is virtually unprecedented. That is a huge, huge hit.

Now, the Wildrose has a different philosophy than we do, and I wouldn't expect them to embrace the solutions that we've put forward. We want to protect front-line services. We don't want to cut. But it's important that the Wildrose also provide what their alternative is. Speaking of flimsy pamphlets, I had tabled yesterday the Wildrose financial plan from the election because they haven't produced an alternative since the election, Madam Chair. What they've got is a flimsy pamphlet from before the election, and that is about the size of their contribution.

There's no question that dealing with the province's finances at this time is a daunting challenge. It's a very daunting challenge. It's a huge issue, and there is no question about that, Madam Chair. But what is their answer? This is what we want to know.

The Chair: Next I have on my list the hon. Member for Little Bow.

Mr. Schneider: Thank you, Madam Chair.

The Chair: Do you wish to do an exchange with your time with the minister?

Mr. Schneider: I'll just take my 10 minutes if that's possible.

I just have to preface by saying that it's always nice, Madam Chair, to get an education from the senior-most member that sits within these walls. His comments to the previous government are well documented and run along the same lines, so it's always nice to hear that history repeats itself.

9:40

I, like my colleagues, however, am somewhat aghast at what we are being asked to do here today. When we left the Legislature on December 10, we were all left with the understanding that we would be coming back to the dome to start the spring session on February 8. Now, that seemed like a normal time frame for the House to start sitting again and seemed like a good time frame for the government to produce an actual budget before the end of the fiscal year. The government introduced a budget only at the end of this past October, some 135 days ago, and now it appears that that budget wasn't quite right. It didn't have enough money allocated to it to get the government of Alberta's expenses covered until the end of the fiscal year, so instead we are here being asked to vote to let this government spend beyond their previous budget. It's kind of like a partial do over.

Now, the Infrastructure ministry is looking for an addition \$115 million for expenses, \$73 million for further capital expense money, and an additional \$8.4 million for financial transactions. Well, that's great, but what does that all mean? What projects are being funded, for instance? What programs are supported? Is this all just administrative overhead, Madam Chair? You know, I have to wonder why the Legislature would authorize this government to spend this much more money and not just in Infrastructure, every ministry. Why would we authorize that much spending when there's no plan? It's hard to understand what you're intending to spend the money on. It seems like there's no accountability. There's no plan, and there are no answers on the pages that we were given here a day ago. So I'd like to ask what projects these funds are requested for. Along with that, I'd like to know how they were chosen.

You know, I asked about it yesterday in this place, but if Alberta had this promised sunshine list, we would all know exactly what Infrastructure funding was required for which project, how the project was chosen, and where each project appears on the list. I asked about it last session, I asked about it again yesterday, and I'll keep asking for it because municipalities deserve to have it.

As any Albertan knows, construction season is coming up, but the jobs created in the construction season certainly matter now more than ever. Is there any estimate at all available for how many jobs will be created with the extra Infrastructure spending dollars indicated here? Are the Infrastructure dollars here even going towards actual projects?

I talked about this yesterday, too, but last year Infrastructure lapsed a staggering \$1 billion in capital. Based on this additional request for \$115 million in expenses and \$73 million in capital investment are we to assume that there was no lapse this previous year? Realistically, those are significant numbers that we are being asked to approve for a department that lapsed so heavily on projects last year. How was this number decided? Is it based on an annual figure? Is it loosely based on funding only specific projects? Are there determined project costs? Are we to assume that \$115 million for two months is the forward-going rate for all Infrastructure spending? If that's the case, we are looking at \$690 million per year for Infrastructure expenses. If that is not the case, then why this number? Where did the government come up with it?

Once again, \$73 million in capital investment over two months equates to \$438 million over 12 months if that is indeed the magic number going forward. Last year's lapse, that I just talked about, was more than twice that. Is this the kind of Infrastructure capital plan that Albertans can look forward to seeing while this government is in power?

I really need to ask this question again. Can the government confirm that none of these funds were rushed and put forward for projects to be announced during the ongoing by-election?

I have only one more thought. Deferred maintenance in this province is a rather large number. This is the maintenance that's needed on our public buildings: hospitals, schools. It's money that actually hasn't happened yet. For the two public schools boards in the largest cities in our province, they each cite about a billion dollars for maintenance that's been ongoing or not completed. Those are just the schools and only the schools in the two major cities, just Edmonton public and Calgary public schools. That doesn't even take into account the separate schools in those cities or any of the schools outside of those cities. Now, the government has a much different number estimate on deferred maintenance. It's much less, but that's not what's important here.

Here's what matters. There's needed maintenance on public buildings that Albertans rely on: our hospitals, our schools. If the government's province-wide number is half of what Calgary and Edmonton say the deferred maintenance bill for their schools is, that's still a billion dollars in needed maintenance. Is any of the interim supply allocation for Infrastructure being put towards that?

The final question would be: is any of the money that is being put forward in this proposition money that would be used to offset some of that potential \$1 billion to \$2 billion maintenance backlog?

So I think it's plain to see that asking me or my colleagues to approve the suggested spending begs more questions. Albertans are hurting in this economy. Many are struggling to make ends meet while looking for a new job. We here owe it to them to ensure that their tax dollars are spent wisely. With so few details how can we in good conscience vote in favour of interim supply? Where did the money go that was budgeted in the last interim supply in the fall budget? Why wasn't it enough?

Madam Chair, I think that's all I have to say for now. I appreciate the opportunity to speak.

Thank you.

The Chair: The hon. Minister of Transportation.

Mr. Mason: Thank you very much, Madam Chair. In terms of the questions from the hon. member I want to thank you very much, but I want to remind you that we're dealing with interim supply and not supplementary supply. We're requesting a total of \$196.4 million through interim supply to support our day-to-day operations. The expense vote, as the member noted, was \$115 million. The capital investment vote is \$73 million, and the financial transaction vote is \$8.4 million. Funding to support our operations covers items such as the day-to-day operations of about 1,600 government-owned buildings, including caretaking, utilities, property taxes, and security. It includes leasing costs, including rents, utilities, and property taxes. Capital construction costs are to support the delivery of major government capital projects such as the Royal Alberta Museum and the health and school projects and the development work at Parsons Creek in Fort McMurray.

The interim supply period is April 1 to May 31, or 17 per cent of the year. Alberta Infrastructure cash spending under the three supply votes includes expenses for items such as salaries, supplies and services, and capital grants for maintenance of government-owned buildings and capital planning. It includes capital investment

for the acquisition and construction of government capital assets valued at \$5,000 or more and financial transactions for the purchase of inventories and the payment of liabilities.

Infrastructure's 2016-17 estimated cash spending. In terms of the expense item the interim supply is estimated at 20 per cent of the estimated total cash spending, 10 per cent of the capital investment that's going to be required, and 17 per cent of the financial transactions.

The 2016-17 expense interim supply vote requested of \$115 million includes funding for property management, day-to-day operations of about 1,600 government-owned buildings. These include caretaking, landscaping, utilities, property taxes, and security as well as the operation of the Swan Hills Treatment Centre. Realty services for leases include rent, utilities, and property taxes and for land management.

Ministry support services include the minister's office, the deputy minister's office, communications, human resources, and corporate strategies and services. Capital construction includes support for delivery of major capital projects such as the Royal Alberta Museum and major health and school projects. I might add that the Minister of Education has informed me that their payment schedule, rather than being done quarterly, is on an as-needed basis for the schools, which has already saved \$15 million in terms of those things.

Asset management includes the continuous business improvement of the department; the asset analysis and portfolio planning; parking administration and maintenance of the asset data inventory; capital grants for maintenance of government-owned buildings and for planning, estimation, reporting, and monitoring of capital projects; the 2013 Alberta flood program for reconstruction and accommodation projects and administration of the floodway relocation program.

9:50

Capital investment. This is a question that the member raised. The 2016-17 capital investment interim supply vote request of \$73 million includes funding for health facilities support, including health facilities infrastructure that will be owned by Alberta Health Services and Health capital maintenance and renewal, the capital construction program for the delivery of major capital projects like the new Royal Alberta Museum, which I've mentioned, as well as funding to accommodate the new building Canada fund program, the courthouse renewal, and other potential capital projects across the government of Alberta.

Property management includes government-owned facilities maintenance and renewal and accommodation projects and capital maintenance at the Swan Hills Treatment Centre.

Realty services includes land transactions for government initiatives.

Ministry support services includes information technology equipment and software development and, as well, as I mentioned, the 2013 Alberta flooding capital projects. I want to just indicate with respect to that that I know that the hon. Member for Calgary-Elbow is interested in this project. We are proceeding with negotiations to gain access for an environmental impact assessment, and we expect that that is going to be done and concluded in a timely fashion so that we will not risk losing a season.

Financial transactions. This is an interim request for \$8.4 million. It includes funding for realty services and property management, inventory purchases, and minor site remediation and reclamation work for Swan Hills and debt repayment for the Evan-Thomas water and waste-water treatment facility.

I want to also talk about our work to support the economy and to provide jobs for workers who may have lost their employment

during the downturn. In Budget 2015 the government committed to invest \$34 billion over five years through its capital plan to build needed public infrastructure across the province. During these tough economic times we will make use of the capacity in the construction industry to build infrastructure needed by the public at a lower cost than otherwise. Our investments will create jobs and build a strong economic foundation for our children and our grandchildren. The interim supply provides funding to continue building the important projects we have across the province.

Cities and towns across Alberta, Madam Chair, struggle with aging health care infrastructure, and we have funded \$491 million for health facilities infrastructure spending, which is on page 163 of the government estimates. These projects are progressing and nearing completion.

The 2015-16 budget of \$491.2 million for health facilities infrastructure supports delivery of health capital projects, and these facilities will of course be owned by Alberta Health Services once completed. These include the High Prairie health complex, where construction is under way and is expected to be completed by 2016; the Medicine Hat regional hospital, where construction is under way and expected to be completed this summer; the Edson health care centre, where construction is under way with the clinical and continuing care buildings and expected to be completed in spring 2016; the Grande Prairie regional hospital, where construction is under way and expected to be completed in 2019; the Lethbridge Chinook regional hospital, where construction was completed in October 2015 on the main project, with work on impacted departments expected to be completed by 2017; the Calgary cancer centre, where construction of the centre is planned to commence in 2017, with the new facility opening to the public in 2024.

Maybe, if I have a few minutes left, I'll talk about our work on flood mitigation. We're responsible for acquiring properties through the floodway relocation program. Under the program the government purchased residential properties located in designated floodways in affected southern Alberta communities with the intent to remove or demolish the structures in order to reduce the potential financial impact of future flood events. We've purchased a number of homes across the province in the communities of Calgary, High River, the county of Foothills, Turner Valley, Rocky View county, Mountain View county, and Red Deer county. A number of these properties have been demolished, with the remaining work expected to be completed in 2016-17. In Calgary we're working with the city to obtain the necessary demolition permits, with work expected to begin later this month. All work on these properties is expected to be completed by September 2016. Questions related to the disposition of the properties would probably be better referred to the Minister of Municipal Affairs.

The capital construction program includes funding for manpower and supplies and services to support capital project delivery. This is the government estimates of \$17 million for the capital construction program. The program is responsible for the planning, design, and implementation of government-owned buildings as well as the provision of a wide variety of professional and technical support to other ministries for capital projects such as schools, postsecondary institutions, hospitals, and social housing. We're hoping that this ongoing program will support the delivery of capital projects which are approved in the capital plan.

We have a number of initiatives under way to make our public infrastructure more environmentally sustainable. [Mr. Mason's speaking time expired] If I get another question, I'll answer that, Madam Chair.

Thank you.

The Chair: The hon. Member for Cypress-Medicine Hat.

Mr. Barnes: Thank you, Madam Chair. If I could, I'd like to go back and forth with the Health minister, please. Is that okay? Thank you.

To the House and to the minister. The amount requested for operational supply over the next two months is \$3.44 billion. The total amount supplied last year was \$18.6 billion. Annualized, the amount requested from the Assembly here today: that will work out to be \$20.6 billion for the operations, of course, over the entire year. Now, you've spoken out quite a bit that you want to bend the cost curve from this 6 per cent annual growth to, I believe, approximately 2.5 per cent. But, Minister Hoffman, you're starting with an 11 per cent increase, making it much harder, you know, over the 10 next months to achieve that cost when you already are 40 or 45 per cent of our budget, when the government is slipping a further \$10 billion into debt. The degree of difficulty in placing those bonds and paying back that interest is of great concern and, of course, is directly related to the value that Albertans get out of our health care system and to the cost of our health care system.

My first question – and I have six. Why does your ministry need such a large amount of money for the first two months? Is this a sign of continuation? Are you going to meet your goal?

The Chair: The hon. minister.

Ms Hoffman: Thank you very much, Madam Chair and the member for the question. As you've heard, government requires interim funding to continue to provide services to Albertans until the new budget has been passed. Health, of course, is the largest part that needed funding. I'm here to share information on the funding required by my department to make sure that Albertans can have access to the quality health care that they require in the coming weeks, 61 days, to be exact.

To begin, I'm asking for approval of \$3.4 billion, as was mentioned by the member, in interim supply funding to cover Alberta Health expenses. This funding is needed for things like paying doctors so that they can continue to provide care that's required for Albertans. And given that we're still in the flu season, of course, it's better to err on the side of caution when you're asking for funding for 61 days because there could be higher need for physician billings during this first two-month period than there might be later in the summer and other portions of the year.

It's also needed for Alberta Health Services for the multiple services that they provide, and it's required to cover drugs and other supplementary health benefits for Albertans, particularly those who are low-income. There's nothing new. It's simply funding that we need to keep our health care system at the current level of operations.

We're also seeking \$3.6 million for capital, which might be one of your further questions. Just to advance that, the capital needs are to support the work of the department and for Alberta Health Services, to maintain the current IT systems that we use. It would also cover eligible capital purchases so that AHS can continue to replace or upgrade machinery and equipment. Again, my experience is that it's better to err on the side of caution. If an expensive piece of equipment is to break down in these first 61 days, I'd rather we have a little bit of a cushion or room for a margin of error than to have to come back for further interim supply requests in the first 61 days. So, to be very open, I'm just asking for that little bit of insurance room in the first 61 days so that we can be able to operate prudently and not impact patient health and well-being.

Thank you.

10:00

Mr. Barnes: Thank you; \$3.44 billion is a staggering amount of money.

I guess the heart of my question, Minister Hoffman, is – you're up 11 per cent on an annual basis. Are there any specific items in the first two months that are pushing this number higher? Where are you going to achieve the 4 per cent savings that you're talking about, especially now, when you have to make up the ground? How did you decide on this number? I mean, okay; you want to keep things flowing – yes, we want to make sure our good, front-line professionals are there and are paid, absolutely – but how did you decide on an 11 per cent increase instead of a 2 and a half per cent increase? What are the specifics, please?

The Chair: The hon. minister.

Ms Hoffman: Thank you very much, Madam Chair and to the member for the question. As we're well aware, this was a leap year, and in a leap year there are increased costs for that one extra day in terms of education budgets. We have a certain number of minutes per year of instruction.

In terms of health care, we provide health care to Albertans at all times, and having that extra day of operations costs about \$55 million for health care. That's about the average cost of running health care for Albertans for one specific day. To be completely honest, we looked at about \$55 million a day by 61 days, and we added room for a margin of error because if there are increased costs in these first 61 days, when we're still in the middle of flu season, while construction season is picking up, while there are opportunities where health costs could be higher in these two months as opposed to two months later in the year, it's important to have that room for a margin of error so we don't have to come back yet again asking for an additional interim supply bill. So we're looking at about \$55 million a day with room for additional costs in these two months because health care costs are driven right now primarily based on need – right? – the need of the patient. If a patient shows up, we're going to find a way to make sure that we can continue to offer those services.

Right now we're also in the middle of negotiations with physicians. They've returned to the table with the AMA – this is two years prior to the last agreement, that was made by the previous government, being up – because they know and we know that the current model is not sustainable. Increasing at about 6 per cent a year has not been something that we can continue to do moving forward, so we're back at the table with the AMA. We're making sure that we can find ways to find efficiencies and sustainability for the system. And physicians, like all Albertans, are members of Alberta. They want to make sure that we have a system that's here long term for the benefit of us all.

We certainly have a lot of opportunities in this 61-day period to make sure that we're achieving our goal. The last budget that was passed: we had about a 4 and a half per cent increase last year, 4 per cent this year, 3, and then 2 after that. So we're certainly looking at bending the curve, getting from 6 per cent increases instead to a more sustainable increase model. This is simply money that we need for the 61 days to get us through this very initial stage.

Thank you.

Mr. Barnes: Thanks again, Minister.

The Chair: Hon. member, just a reminder: through the chair and, as well, avoid using personal names.

Mr. Barnes: Okay. Thank you. Yeah. Sorry.

Alberta Health Services. Our number one cost in our entire budget, of course, does not include our payment to doctors and doctors' salaries. I was concerned – very, very concerned – in our budgeting discussions some time ago that Alberta Health Services wasn't even at our supply meeting that night. I'm very concerned, and I'm wondering now: in this number presented that you're asking for for the 61 days, what was the Alberta Health Services' role? It sounds like you're just, you know: steady, same course, worry about extra value and extra savings down the road. But is this what Alberta Health Services requested? Did you have them at the table at all? Do they get whatever they asked for?

The Chair: The hon. minister.

Ms Hoffman: Thank you, Madam Chair. Certainly, there is a dialogue, as there is with other orders of recipients of large grants. Alberta Health Services is a grant recipient. They, of course, provide the front-line health care that we all rely on, just like school boards, our front-line education providers. We, of course, don't call the school boards to come to estimates of the province. This is the province's budgeting process.

Certainly, Alberta Health Services does have a budget. Their budget, that is passed on to them, is passed on by the government of Alberta, and then they, of course, work to determine how they're going to achieve their needs within that allocated budget, just like the municipalities; when they receive funding from the provincial government, they aren't at our provincial debate or our provincial estimates. That's our budget, and then they, of course, make their budgets in turn. It's the same process with Alberta Health Services.

We have a dialogue about needs, just as I'm sure other ministers do, with those who help provide services on behalf of the government of Alberta. We are working with them to make sure that we're optimizing best practices, not just best practices from within Alberta, but looking at other jurisdictions, hospitals from across Canada to make sure that we're using the best practices. And it's been a very positive last few months. We're certainly making great progress, and I'll be happy to discuss this more with you in detail, I'm sure, at the full budget debate in just a few weeks.

Thank you.

Mr. Barnes: Okay. Thank you again, Minister. I'm still not clear on why we need an 11 per cent increase compared to just the 2.5 or even the 6 per cent increase.

Laboratories have been in the news quite a bit the last while. In Medicine Hat I absolutely believe that moving the Medicine Hat Diagnostic Lab is going to provide tremendously inferior services for the citizens and cost the taxpayers of Medicine Hat and all the taxpayers of Alberta more money. I'm thinking of our north zone lab services, the situation between Sonic and DynaLife, that \$300 million that was out there, and the situation as to how people in Edmonton and how people in northern Alberta are going to get the laboratory services that they need. Is any of that 11 per cent budgeted towards some of these changes, that we haven't seen the full numbers on and are going to have considerable cost increases? What is the plan for the north zone lab service, please?

Ms Hoffman: Thank you very much for the question. Certainly, we are having ongoing dialogue, and I understand your perspective on the Medicine Hat change, from having a private lab and a public lab to having one public lab. Certainly, the business case is there, and I've shared it publicly with you and with others in the area. There will be multiple pickup sites. The level of service is going to be comparable if not improved, but being able to maintain one lab as opposed to maintaining two labs – certainly, I think, just having two sets of infrastructure versus one set of infrastructure makes sound

infrastructure sense. If you can achieve the needs of the regional area with one centralized lab, why wouldn't you do that? Why would you maintain two separate systems?

Certainly, there was an intention initially to try to maintain two separate systems, but given the fact that it was operating at significantly higher costs than other areas that are offering similar service, there just wasn't a business case there to be able to do it. I'm sure that members opposite like hearing me talk about the business case, right? I think it makes prudent sense to make sure that you're offering stable, predictable service in a way that is sustainable for the taxpayer and for the system. Certainly, I take your feedback into consideration and the feedback on all sides of that issue. I look forward to working through the next few months to offer sustainability to the people of Medicine Hat.

In terms of the latter question that was asked, about Edmonton and the north zone, we certainly are making great progress on our review of that. As I've mentioned in the past and will continue to in my days ahead, I really want to make decisions based on evidence and best practice, and I think it was demonstrated that there was not a consideration of either maintaining the current mix of private and public lab service in the Edmonton and north zone or expanding public service in the Edmonton and north zone.

Thank you, Madam Chair.

The Chair: That brings us to the end of the first hour segment.

We will now move to the members of the third party if they wish to speak.

Dr. Starke: Thank you, Madam Chair. If we could, I'd like to go back and forth with the ministers and share also my time with my colleague the Member for Calgary-Hays.

The Chair: You'd like to go back and forth.

Dr. Starke: I want to start by just thanking, actually, the Government House Leader for bringing some explanation to the processes that occur within this House with regard to the timing of interim supply and supplementary estimates and those sorts of things. Actually, he took a lot of what I was going to say. What is going on here is nothing nefarious, nothing illegal, nothing that is a smoke-and-mirrors situation. You know, quite frankly, I get a little frustrated when this opposition, when we were over there, tried the strategy of obfuscation constantly, and they continue to do it now, trying to make the general public believe that something wrong is going on. Nothing wrong is going on.

I'd like to actually compliment the Finance minister when he says the words: we want to take the time to get it right. You know, I have full confidence that you're going to take the time; I have less confidence that you're going to get it right. But that's fine. April 14 to introduce the budget is two weeks into the fiscal year. The truth of the matter is that we do want to have the opportunity to have a good and fulsome discussion through the estimates process, and that shouldn't be rushed. So to have the interim supply go until the end of May: I have no issue with that whatsoever.

The other thing I actually have to find a little bit humorous is that, you know, on the one hand my Teutonic friend the Member for Strathmore-Brooks says that he likes nothing better than to discuss budgets, and then he complains that this is the sixth time we've had to do this since we've been elected. I mean, we know what's not in his top 100 list of things to debate, but I'm going to be relatively certain that discussing numbers and budgets is in the top 100 list somewhere, that and tipping practices and where to go for breakfast.

Moving on, Madam Chair, I do want to get to the substance of the matter today. A question to start, first of all, to the Finance minister. I do want to ask: we're looking at \$8.7 billion in interim

supply. If you pro-rate that out to the full year, that runs to about \$52.2 billion, which would represent a 5 per cent increase. Now, I realize that it's a little bit dangerous to simply extend two months out to the full year, but can you assure this House that we're not going to be looking at a 5 per cent increase in the operational expenditures of this budget when it gets introduced in April?

10:10

The Chair: The hon. minister.

Mr. Ceci: Thank you, Madam Chair. You know, what I can assure the House is that the growth of the budget – the operating expenses of this budget will grow very close to population plus inflation.

Dr. Starke: Well, thank you, Madam Chair. That number actually is going to be considerable, but we'll see, again, when the actual numbers come out.

Now, there was another comment made, I believe, by the Minister of Finance with regard to explaining why it would be a little bit dangerous to simply take the annual budget, divide by six, and say: well, that's what you need for the first two months. He was mentioning that specifically in relation to the Department of Economic Development and Trade and, you know, mentioning that additional monies were going to be sent out earlier and faster to get those jobs created and to get that economic diversification happening that, of course, all of us want to see. So I guess my question to that minister is: given that you've asked for additional monies at an accelerated pace early in the fiscal year, what measurements do you have in place or will you be developing within your department to let this House and Albertans, indeed, know what jobs have been created, what numbers, and what level of diversification you've achieved through your ministry?

The Chair: The hon. minister.

Mr. Bilous: Yes, Madam Chair. I'll thank the member for the question, a very prudent question. One of the things that we're doing with my ministry is that we want to make sure that we are tracking, through performance measures, outcomes so that we can return to Albertans, return to this House to inform everyone on the progress that we're making and that dollars that are being spent are in fact going to help small businesses, entrepreneurs and that we're seeing real, tangible results. I think that at the end of the day Albertans want to see that the initiatives that we're undertaking are in fact helping to turn the economy around, which I do think is absolutely critical.

With the increase in the funding for interim supply – and I appreciate your comments, hon. member – first of all, the formula is not, you know: take the annual budget, divide it by 12, times two, and this is the number that we have. Quite frankly, especially with Economic Development and Trade – and I'm sure you'll know this, having been on this side of the House – costs like our international offices: the federal government requires that we pay for those up front. Many of our international offices, Alberta's international offices, are housed within our embassies throughout the world. That cost needs to be paid in the first two months. That's not something that we can divide up over the 12-month period. That's one of the significant costs that is driving this number in the interim supply bill.

The other is that, looking at our Innovates corporations and, again, the fact that we have four different Innovates corps. and much of the money is a flow through, they need the money up front. But the other aspect of our Innovates, especially when it comes to health solutions and tech futures, is the R and D component. Much of the R and D from Health comes out of the Innovates' budget.

We're talking about paying full-time professors, full-time researchers that are doing very critical research. Those monies need to be given up front, and, again, they can't be divided over the 12 months.

But what I can tell you, hon. member, is that we are developing not only performance measures but outcomes, metrics. We want to ensure that we have a way and I have a way of knowing that our programs are in fact achieving the goals that we are setting out. I can tell you – and I will make this commitment to this House – that if there are programs that are not achieving their outcomes, we will make changes, because at the end of the day my priority is doing everything that we can to set the right conditions to continue to make Alberta the best place to do business and to attract investment and support our entrepreneurs and businesses.

Dr. Starke: Well, I'd certainly like to thank the hon. minister for his answer.

I want to move on to two ministries, though. Although he's pointed out correctly, and certainly the Finance minister has as well, that there are foibles with the prorating, there are two ministries that certainly stand out in terms of where the expenditures for the next two months represent a very high percentage of the total expenditures for last year and one case where the expenditures for the next two months, if they're prorated out to a full year, represent a huge cut. As it turns out, it's the Ministry of Status of Women, that got a two-month allocation of \$1.255 million, yet last year's entire budget was \$1.447 million, and the Ministry of Indigenous Relations, where the budget for the full year would prorated out to \$69.3 million, yet last year's budget for the previously named Aboriginal Relations was \$204 million. For those two ministries, because there's such a variation in the prorated amount and the two-month amount, I'd just like to know what the explanation for that is. Is it the case that there's not much happening in these first two months and there's a lot happening later or vice versa?

The Chair: The hon. minister.

Mr. Feehan: Thank you. Yes. You've basically answered your own question as it comes down to it. A significant part of the Indigenous Relations budget is actually just flow-through money that comes from the casino budgets on First Nations reserves, and that money is not allocated until June every year. About \$126 million or so is just excluded from our considerations right now. We haven't, as well, got any calculation of capital costs because there aren't any taking place in these particular two months because money has already been allocated. New expenses will come out in June in that case as well. So it's just simply a matter of: this is a period of time that money doesn't happen to flow. It will indeed flow when the appropriate time happens.

The Chair: The hon. Minister of Finance.

Mr. Ceci: I don't see the other minister here.

Dr. Starke: We'll move on.

Mr. Ceci: Okay.

The Chair: The hon. Member for Calgary-Hays.

Mr. McIver: Thank you. I will say that based on the estimates for last year that the government brought in in the ninth or 10th month or pretty late in the year, which we did criticize – and I stand by that because I did think that the government dragged it out too long. The fact that the government is out with these estimates before the end of the fiscal year for the next year – for me, anyway, I'll give the

Minister of Finance the most improved award this year. Frankly, the people of Alberta need to have an idea before the year is mostly over how their money is being spent, and I think there's a chance of that happening. So credit where it's due and criticism where I thought it was also due before.

The Finance minister did talk about reining in spending and suggested there's evidence in these estimates of reining in spending. Could he briefly tell me where he reined in spending?

The Chair: The hon. minister.

Mr. Ceci: Thank you very much, Madam Chair. Holding the third-quarter fiscal update and economic statement, that I delivered a couple of weeks ago, it identifies places where there was a reduction in expenses as a result of I think it was \$463 million. We were able to constrain spending in the areas of assisting – because the crops did much better than was planned, the insurance monies that were put in place, that were put forward to Agriculture and Forestry, weren't all needed. We then didn't have to spend that money. That was one of the main areas where we have constrained spending.

Going forward for Budget 2016, we have a number of constraints, restraints in terms of hiring that are identified. We are in the situation where if there are four vacancies or three vacancies in an area of a department, only two will be filled or one will be filled in an attempt to spend less on labour costs going down the road in these difficult times.

We, of course, have had a severe reduction in terms of the revenues. I think I identified \$600 million less in revenues as a result of the oil and gas royalties not performing to the extent that we had hoped, what all Albertans had hoped. So we've had to tighten up our spending.

10:20

We've of course tightened it up in relation to Alberta public service workers, who have taken a two-year wage freeze. Starting this April 1, the 2.5 per cent wage increase that was anticipated or agreed to with those management, opted-out, and exempt employees will not be taking place, nor will grid movement as a result of their time in the public service. So we're constraining spending on the salary side, replacing fewer workers than the ministries have allotments for in terms of FTEs. I need to thank all the members here, too, because we led the way with taking a four-year wage freeze, during the length of this term, as well as our political staff. So on the salary side both the elected, management, opted-out, and exempt have taken these steps. Of course, Budget 2016 will provide the full information in a few short weeks around other initiatives that are going to take place.

Thank you.

The Chair: The hon. member.

Mr. McIver: Well, thank you, and I thank the minister for the answer. But you'll have to forgive me; I'm left a little wanting. While I accept what the minister said, I think that if you were to restate what the minister said, it wasn't so much restraint as that we got lucky that the insurance claims weren't so high in forestry and agriculture. And we're happy about that – don't misunderstand me – but that's not really what I would call reining in spending. I would say that it was a lack of hail and rain and things that destroy crops and forest fires. While we're happy about that, it definitely doesn't fall under the category of reining in spending.

Where the minister did actually make claims about things that you could call reining in spending is, of course, the wage freeze for some senior management and elected officials, which are good things. Good things. Compliments on all the good things. But the

fact is that in relative terms to the rest of the budget, it's very much chewing on the edges and not getting to the heart of the matter at all when it comes to reining in spending. Although I will say that even with that, the minister did actually talk about reining in spending, and he talked about it without actually saying that we were laying off doctors, nurses, and teachers. Every time on this side of the House that we talk about reining in spending, the government says that the only way to do it is to lay off doctors, nurses, and teachers, and I think the minister just admitted that's not the case. There are other ways to rein in spending without laying off doctors, nurses, and teachers, and we'll hope to see some of that from this government as time goes on. Hopefully, we'll see them resist characterizing any reining in of spending as that being the only choice.

Now, there are lots of things in here. Let me also say that from my municipal background when people talked about tipping practices, I thought you were talking about tipping fees because, of course, that's what you pay when you go to the dump with a load of garbage. The fee is a tipping fee.

Here's something. Now, I appreciate these are estimates, but they are prebudget estimates, so my question is for every minister. I'll tell you why it's an every minister question. I want to know in detail – and I thank the Government House Leader, the Minister of Infrastructure as well as Transportation, for giving us some of those details, but not all, on the health care things – about capital. You should be able to tell us what every single capital dollar here is used for. I hope no minister will say, "Wait for the budget," because these are estimates for money before the budget. So if you want the money before the budget and you're asking permission today, every single minister on that front bench ought to be able to tell this House and every Albertan what every single dollar in every single capital budget that's being asked for here today is going to go to. I think it's a fair question. I hope the ministers are prepared for the answers, and I genuinely hope we get full, detailed answers.

I think people would be particularly interested in schools. While they're giving their answers, I hope that they will clarify how much the government was able to save in their capital expenditures, and I hope that there are some savings based on the difficult financial times right now and what I believe are opportunities to get lower bids and tenders in because of that. If they could expand on that, if they have more detail than they can give in the two or three minutes they have remaining, I would appreciate some written acknowledgement in answer to those questions since it's only right and reasonable that every single minister should already have those answers, or they should not have asked for the money in the first place.

The Chair: The hon. Minister of Education.

Mr. Eggen: Thank you, Madam Chair, and thank you for those questions from the leader of the third party. My capital projects are considerable with 232 new schools on the books. It's very interesting to see the school building and modernization budget as we move forward. In fact, we've developed since October a pay-as-you-go system, a mechanism by which we can track through Infrastructure with the large boards, that are assuming the projects themselves, much more closely where they are and what instalments they require. As I mentioned to the Infrastructure minister just this morning, on an annualized basis, actually, we expect to save more than \$15 million by paying as the projects require the money instead of paying in perhaps quarterly and/or in a larger time area. I think that's an innovation that should bear noting by the public. Certainly, you know, with the very large capital project list that we have on the go here, it's very important that we get the full value of each of those projects.

Another issue that I mentioned in my reply to the throne speech yesterday and that I'll say here again today is that we're seeing a lot of promise with projects and bids coming in under our estimated costs considerably. Edmonton public informed me a couple of days ago that two of their projects had come in 23 per cent lower than what the estimated cost was going to be. So good for them. You know, I think that bodes well. There are many more people bidding for the contracts as well, and again that reinforces, I think, the utility of building at this juncture. We get better savings for the schools that we're building, and we are getting more bidders. Quite frankly, we're providing considerable employment for contractors and tradespeople by having this unprecedented build.

With my estimates, we are moving forward \$240.8 million of capital investment, and it's money well spent.

Thank you very much.

The Chair: Thank you, hon. minister.

We've moved into the next segment for the next 20 minutes with the hon. Member for Calgary-Elbow. Did you wish to do a back and forth?

Mr. Clark: Yes, please. I will go back and forth with the minister.

One of the joys of going third, I suppose, is that a lot of the territory that I had hoped to cover has already been covered, so my apologies in advance should some of this be a repeat.

Also, I'm a little troubled and unsettled by the differences I have here with my good friend from Vermilion-Lloydminster. We tend to get along and see the world in a very similar way on most issues, but I do have to disagree on the timing here of interim supply and the fact of interim supply at all. Standing orders state that we are to be in the House on the second Tuesday of February. Had this government followed the standing orders, we would have been in in plenty of time to see and debate a budget in a fulsome way in time for the end of the fiscal year. It's equally unsettling, I have to say, that I am onboard with my friends in the Wildrose opposition on this issue as well.

You know, the government wants us to believe that it's not really a big deal to be debating interim supply here again, but it is. While, of course, it's not totally unheard of, there is a reason that the standing orders start us in February, when they do, and that is so that we have enough time to debate and pass a budget such that we don't have to be going through interim supply.

10:30

When we're talking about two full months, the \$8.7 billion number we've talked about here annualized would take us to \$52.18 billion, which is fully a billion dollars more, if we were to trend that out, over Budget 2015. Now, that's a worrisome trend. We've heard some explanation, and I'll dig a little deeper into some of the specific line items here when I do get to my questions. I know that there's some explanation, particularly in Health, as to why that is, and I can accept some of that. But the overall trend is worrisome insofar as it shows no indication of any interest in trying to bend not just the cost curve of health care but the cost curve of government.

It seems to indicate that this government is going to double down on all aspects of spending, including operational spending, and when we're borrowing for operations in the way we are, that's very troublesome. That is akin to carrying credit card debt as opposed to borrowing for capital, which is akin to having a mortgage on an asset, which is a good thing. When you're borrowing for operations to just keep the lights on, to buy pens and pencils, and to pay salaries, that's troublesome. That then creates a spiral that's very difficult to get out of. I know this government will say that they

intend to be here beyond the next three years – they may not – but someone eventually is going to have to get us out of that significant debt spiral.

One of the other concerns I have is that we only debated Budget 2015 a scarce three months ago, four months ago, but a lot of the projections in that budget are already way off. We know that the revenue projections are already significantly off, off by \$660 million, which is roughly 1.5 per cent, which would have been 2.1 per cent, or \$910 million, had the federal government not ponied up with the fiscal stabilization program. Equally troubling, perhaps even more so because we know in Alberta that the history of energy prices has a big impact on our revenue forecasts – I acknowledge that this government, no government anywhere, perhaps with the exception Saudi Arabia, can determine the price of oil. We know that.

An Hon. Member: They have a huge deficit, too.

Mr. Clark: They do have a huge deficit. They've got a big problem.

We know that oil prices, energy prices are unpredictable. We know that. But Budget 2015 has undeployed capital of nearly a billion dollars; \$948 million of capital is being rolled over, undeployed from Budget 2015. That really raises a bigger question here about this government's ability to actually deploy capital in an effective and timely way. If we're going to borrow to build capital assets, it's important not only that you borrow and put those numbers in a spreadsheet or in a financial statement; it's very important that we put that capital to work. That's been a question I've had and a concern I've had from the very beginning.

Although the \$34 billion, if I'm not mistaken, capital plan – broadly speaking, I agree with the principle of borrowing to build, especially in a down time. Our Minister of Education has just told us that we're finding that we're getting better prices on certain projects. All of those are good things. But if we find that we can't deploy that capital, are we actually having the desired effect? I encourage the government to think of those things as they move forward and as we move into the budget.

We've already talked, of course, that interim supply ought to be the exception rather than the rule. It seems to be the rule from this government, and I would hope that come Budget 2017, we're in fact in the House early in February such that we can debate and pass the budget without the need for interim supply, which by its very nature is less detailed.

My overall concern is that our strong financial position, which has allowed us to borrow money at reasonably attractive rates, will continue to be eroded, that we have significant risk of further credit-rating downgrades. This is an issue that I've raised before in this House, but I have a significant concern that we face that further risk.

What is the plan to curb borrowing for operations? That's a big concern, which I've talked about earlier.

These are all questions that Albertans have asked me, questions that I have that ought to be answered in a budget, in the hundreds of pages of budget documents. While I know that we ultimately, eventually will receive that budget, I think it's important in this very difficult time that those questions are not only answered but that they're answered in a timely way. There was a way of doing that, but here we are: we find ourselves debating an interim supply bill.

I'm going to dive into some specific questions here as I look at the numbers. Interestingly, although certain line items have gone up in the interim supply bill or plan that we see before us, overall program expenditures are \$156 million under the two-month expectation. Capital expenditures are \$136 million underexpended, which means financial transactions and lottery fund transfers must

be above expectations. In plain English for, I'm sure, the thousands of Albertans who are watching at home online, that means the government is spending more on debt servicing and increasingly relying on transfers from the lottery fund. I'll ask the Minister of Finance: please, can you quantify exactly how much we expect in terms of financial transactions and transfers from the lottery fund to help explain this discrepancy?

The Chair: The hon. minister.

Mr. Ceci: Thank you very much. Thank you very much to the member opposite.

I neglected to appreciate and thank the leader of the third party for the most improved award. I should have mentioned that. Thank you very much. There is a magazine, called *Alberta Views*, that did give me a B plus as well, and I wonder: when was the last time a Finance minister in this province got a B plus? We'll have to check that out.

A couple of things I want to address with regard to this interim – no. Budget 2015 first, I guess. The energy situation in this province: as many know, royalties have dropped significantly, about a 20 per cent drop, I think was mentioned, from 2014-15 to 2015-16, about \$7 billion. The situation with regard to when the energy prices were put into this budget, I think, goes back to about the first part of June, July 2015. Of course, we brought this budget forward on October 27. In that interim our experts and experts around the world didn't see this coming in terms of the dramatic drop in energy prices, so we were out, like everybody else was, in terms of an estimation of where the revenues would come from.

The undeployed capital. I just want to identify that that \$800 million that you talked about is happening because we pushed that forward and reprofiled it so it could be drawn down when it is needed. We are not reducing the capital amount. We are just putting it in the right time frame for when it's necessary and needed, and we did increase the capital expenditure over the previous government's \$30 billion over five years, I think it was. We put 15 per cent more on top of that.

Budget 2015 – and it'll be carried through in Budget 2016 – will significantly maintain public services so that Albertans can be assisted through this challenging time in the sense that we're telling them that we're going to carry the operational costs. It's not ideal that we're borrowing to do that in some amount, but that's what we have to do to show Albertans and tell Albertans that the services they rely on will be there when they need them. We have their backs with regard to operational spending. We will carry a debt and a deficit as a result of that. We are bending the curve not only in health care, but you'll see in Budget 2016 where there's additional restraint in our spending going forward.

The amount from the transfer from the lottery fund of the \$362 million exhibits the quarterly transfer from that fund that we can expect. We use those monies to address general revenue fund expenses. It's about 25 per cent. If you multiply that by four, you'll see what we anticipate coming in during the course of the year, and that's only 25 per cent. You wouldn't multiply that by six in this case; you would by four.

I think those are some of the answers I wanted to provide.

10:40

Mr. Clark: Thank you, Mr. Minister. Your comments about borrowing for operations, I think, are exactly the point. Sorry; I have two points here. The reprofiling of the capital dollars from last year to this: that's exactly my point. If those dollars were in Budget 2015, one would expect that they would be deployed in 2015. That's the point of having those dollars in that budget. Reprofiling

means that we didn't spend it last year, but we're going to spend it this year. So that implies delays; it implies an inability to actually put those dollars to work. That's the point.

I guess my request to this government would be: as you consider those capital expenditures, can you actually deploy the dollars? If not, let's figure out why that is. That's entirely the point because, frankly, that will prevent us from perhaps even borrowing more. It would make the deficit number smaller. Perhaps that's not advice I should be giving you because if you take it, it's actually going to look better on you. But ultimately that's what I'm here to do. I am really just here to help.

Some questions specifically about some of the line items. If we were to annualize the per-day expenditure, as has been done in health care, of Education, we would see that the operating expense for Education is actually substantially underspent. Same thing for Advanced Education. Now, I presume that has to do with the time of year that these expenditures are happening, but can I ask, please, the Minister of Education to just confirm that or exactly why those dollars are a relatively low expenditure here at this point?

The Chair: The hon. minister.

Mr. Eggen: Yes. Thank you, Madam Chair, and thank you for the question. It's very important to realize that in general as well we will always have interim supply for Education simply because the financial year for Education is from September to September while our financial year here is otherwise. So unless we sit in July and pass budgets in August, which we could do if you like, then we will always have interim supply at least for Education. So that's a very important lesson to remember if we try to suggest that we don't need interim supply. We will always need it for K to 12 education; such is the structure.

Specifically to your question around our operating expenses: yes, indeed it's just the cycle of how the money is required by the 61 school boards to which I distribute the money and so forth. It's very important as well to remember when we are analyzing K to 12 education that 97 per cent of the monies that pass through my ministry are distributed to the school boards. They are empowered through democratic election to make decisions around their school boards and their expenditures, so our operating disbursements reflect that reality.

Thank you for the question.

The Chair: Go ahead, hon. Member for Calgary-Elbow.

Mr. Clark: Thank you, Madam Chair, and thank you to the minister for that answer.

I'd like to ask the Minister of Municipal Affairs – apologies if this is ground that's been covered previously by another minister. Program spending over the interim supply period is \$216 million more than one would expect on a straight-line basis over the next two months. What is the plan for that extra spending? Does it have anything at all to do with changes coming either in this legislative sitting, perhaps in the MGA? Can the minister please speak specifically to why that might be?

Ms Larivee: Thank you for the question. Looking at what's requested for interim supply, it's kind of expected to be actually well within reason. Some pieces of it such as the federal gas tax fund are flow-through funding from the federal government, and we have to include that as an expense. It's also a revenue item. A hundred per cent of that will be received and disbursed during the first two months, so that portion is included within there. We're expecting to have to disburse a portion of grants in place of taxes, a portion of Alberta community partnership grants. Also, because of

the requirements we have with previous agreements, we have to disburse 50 per cent of our library grants within the first couple of months with that.

Also, again, the 16.7 per cent, which is kind of the portion of two months, will continue to go to the programming that we deliver to Albertans on a regular basis, so the support we provide to the municipalities in terms of strengthening their accountability, their viability. I mean, as you know, we're currently reviewing the MGA and all the work entailed with that and working with Edmonton and Calgary in terms of charter development. There are a number of municipalities across this province that are looking for support in terms of help with determining viability and sustainability.

We continue to support the Alberta Emergency Management Agency and the work they do in protecting people, property, and the environment in terms of emergencies and prevention as well as responding to them in that situation. We continue to support the work of the MGB in terms of supporting that independent agency to provide the answers to Albertans and decisions they need regarding municipal matters; continuing to support the public safety division and the work in terms of supporting the code development, the standards development, and the enforcement of those; as well, supporting the office of the fire commissioner and the work they do in supporting our fire departments across the province; supporting our assessment division in terms of the work they do in developing standards, which includes auditing municipalities, dealing with complaints and appeals, the assessment of linear properties, setting and enforcing rates in terms of industrial property development. All that work will continue to happen, and I'm happy to continue to fund that.

In terms of financial transactions that's what we expect to disburse within a couple of months in terms of supporting the 2013 southern Alberta flood disbursements that we're expecting to make.

The Chair: The hon. member.

Mr. Clark: Thank you. Asking specifically on some of the capital spending, I notice that in Health there is a \$140 million underexpenditure from what we would expect on a straight-line basis in the first two months. Could perhaps either the Minister of Infrastructure or the Minister of Health speak to that?

Mr. Mason: With respect to the hon. member's question about the lapsed amount, I just wanted to indicate first of all that 87.9 per cent of the capital budget in this year has been expended. According to Ernst & Young the benchmark for other jurisdictions is 85 per cent, so we are very much in the normal range. It's a little higher than we had hoped. There are a number of reasons for this.

The Chair: Hon. members, the time has elapsed for that segment, and we're now moving into the next 20 minutes, where private members of the government caucus may ask questions.

First on my list is the hon. Member for Red Deer-South. Did you want to do a back and forth?

Ms Miller: Please.

The Chair: Go ahead.

Ms Miller: Thank you, Madam Chair. I'm interested to know about the STEP program, which was announced last fall. Our students need every possible opportunity to succeed. My understanding is that with STEP's reinstatement, doors will be open again for students to gain skills and on-the-job experience, and employers will in turn grow their businesses further. Hon. minister, how many

students will be subsidized through STEP, when does the program start, and how much money are we committing to it?

Ms Gray: Thank you very much for the question. Madam Chair, I'm pleased to provide an update on the summer temporary employment program, or STEP. I'd like to take just a few minutes to share with all members the benefits of this program. As you know, our government committed to bringing this program back this summer, and the work to have that happen is well under way. The program benefits high school and postsecondary students who are looking for work experience that will help create a path towards their chosen career fields in the future.

STEP will help to open doors for students to gain the skills and on-the-job experience that they need to enter the workforce and be successful. For a student, having work experience is crucial for getting that very first job. We want to make sure we're giving that leg up to students so that they can take the first step up that ladder of their career to something rewarding and empowering that they can succeed at. Not only will the students be getting hands-on experience, but the work can inspire them to continue pursuing their chosen field. By investing in STEP, we are investing in students and supporting employers across the province so that they can grow and be successful.

10:50

Now, small businesses are the backbone of our economy, and it's important that we support them, especially through these challenging times. That's why this year we made STEP available to small businesses. With the government's commitment of \$10 million for this program, STEP will provide employers who hire students a wage subsidy of \$7 an hour for summer work from May to August. As part of the program we are working to make sure that the positions are distributed across sectors and across all of Alberta.

Over the past several weeks staff in my ministry have been working hard to make Alberta employers aware of this program. More than 70 information sessions were held in 41 communities across the province, and I'm really encouraged to see the number of employers who are taking advantage of this great opportunity and excited for this program to begin in the summer. Applications closed on February 29. We received 2,606 applications from employers, so I think it's safe to say that employers are just as excited about the program as I am. Selected employers will be notified in April, with some students starting work as soon as May. The \$10 million allocated to this program will support approximately 2,500 to 3,000 student jobs all across Alberta. This program is a real win-win. It will benefit organizations and support our future of bright, new young Albertans.

I was able to connect with one specific applicant, a business called the Paint Spot here in Edmonton. It's a local artist-run visual arts centre and art supply store. They had put in an application for two STEP students because, as well as running a small business in Edmonton, they also run the very wildly successful Art Walk, an outdoor studio and gallery event showcasing hundreds of working artists every summer here in Edmonton. I believe it runs for two or three days.

A lot of work goes into setting up this Art Walk, and they were so excited that the STEP program was back because it was something that their team – the ownership and some of the staff – were having to do kind of around the business of the Paint Spot. Now they'll be able to have two students, hopefully, organizing, running, co-ordinating, learning about the business, and making invaluable business contacts through the summer, continuing the work of – perhaps they're in an art and design program in university. It also lets the owner of this store focus on business

because, of course, with the downturn in the economy this owner wants to make sure that things are running smoothly. So it's very much a win-win here and a great program. I'm happy to provide an update.

Thank you.

The Chair: The hon. Member for West Yellowhead.

Mr. Rosendahl: Thank you, Madam Chair. When we look at the many issues and concerns in my constituency of West Yellowhead, the question is this: with the support of Budget 2015, what initiatives has the minister undertaken to promote jobs and diversification in Alberta, and what is available in this interim supply to continue this important work?

The Chair: The hon. minister.

Mr. Bilous: Thank you, Madam Chair, and I'll thank the member for the very pertinent question. There are a number of initiatives that my ministry has been working on since it was first stood up in late October of last year. One of the initiatives I'm quite proud that we've rolled out is the petrochemical diversification program. You know, quite frankly, our government, long before we formed government, and the Premier talked often about value-added opportunities and ways that we can support the oil and gas sector in looking at adding more value, whether that's downstream or upstream.

This program that I jointly announced with the Minister of Energy is significant in the sense that within our province we have an abundance of natural gas. We have a fairly significant amount of cheap propane, cheap feedstock. Up until now, Madam Chair, in our country there was not one facility that takes propane and upgrades it, whether it's to propylene or polypropylene. So this project is the first of its kind. But what we wanted to do was basically level the playing field, quite frankly. Many facilities that upgrade propane are found on the Gulf coast, in Louisiana and Texas. They are heavily subsidized by governments in the south. As well, you know, there is a difference in costs. Alberta has a much colder climate, and we traditionally have a little bit higher building costs.

Our government has been approached by a number of companies interested in upgrading, whether its methane or propane. We're looking for some kind of project or some kind of partnership that could be struck between the government and themselves. This program was a \$500 million announcement of royalty credits, forgoing future royalty credits, with no dollars coming out of our budget, nothing coming off our books. We project that up to three facilities will be constructed within our province and will create thousands of construction jobs and, after that, hundreds of long-term, high-paying, quality jobs.

The other significant part of this program is that there will be additional spinoffs that come from this. Again, once we move forward up the value chain in a new area, there will be businesses that will be attracted to our province and also those that will start within our province.

That leads me to one of the next things that we've done, which is through our voucher program wanting to support small to medium-sized businesses through their movement into the commercialization process. There are significant costs for start-ups when they're looking at testing their products, when they're looking at testing the market. Those cost a significant amount of money. We announced not long ago an additional \$5 million to a voucher program, which is going to provide some assistance to them.

The other thing: just last week I signed on behalf of the government of Alberta a letter of intent with the Business

Development Bank of Canada, which is our federal partner. It's a Crown corporation that provides assistance to businesses. The exciting part about this letter of intent: first of all, in no other province in our country is there a letter of intent signed. So this was really a historic signing between the government of Alberta, the province of Alberta, and the Business Development Bank of Canada, truly striking a partnership, one where we have a common goal, and that is to provide as much support as we can to our business community, to our sectors that are struggling but also to our entrepreneurs.

One of the things I love to brag about in our province is the fact that we are the youngest province, we are the fastest growing province in the country, and we are one of the most educated provinces in the country, so Alberta truly is the best place to start or grow a business. As well, you know, as the Finance minister often points out, we have the strongest balance sheet of all the provinces, and Albertans still pay the lowest taxes compared to other provinces. Something the opposition often fails to recollect is the fact that Alberta is one of the only provinces that does not have a PST, which means that we are a very competitive province. [interjections] Despite what others may think, it was our government that chose not to bring in a PST and to keep Alberta very, very competitive. As well, within our province there is a vast amount of opportunities for trade and investment, which I will maybe expound on the next time I stand up.

Thank you.

Mr. Rosendahl: Thank you, hon. minister, for your answer. My second question, then. Because of the many exports that occur in the constituency, we know that expanding our market access is one of the most important things that this government can do to support Alberta industry and businesses. Our royalty review highlighted one of the best examples of this problem in that the American market, which was once our biggest energy products purchaser, has now become one of the biggest competitors. Can the minister speak to efforts that will be supported by this supply bill to increase market access and trade?

11:00

The Chair: The hon. minister of economic development.

Mr. Bilous: Thank you, Madam Chair. I'll thank the member for the question, again a very pertinent question. Many Albertans are wondering about market access, and I'd like to assure them that that is one of my top priorities as well as the Premier's top priority, gaining market access.

Now, our approach to this has been different from the opposition. They often think that jumping up and down and shouting is a way to get pipelines built. Quite frankly, it hasn't worked in the past, and I don't think it will work. Our approach has been one to take meaningful action for our province to do our part. Last fall the environment minister along with the Premier made a historic announcement, one in which – again, I was quite proud to be in the room to see leaders from the oil industry alongside indigenous leaders, alongside environmental NGOs, all saying that our climate leadership plan is the most robust that we've seen within our country. Quite frankly, we are now and will be a world leader on the environment, which other countries have already taken note of.

Madam Chair, I'll make this fairly quick. I had lunch with many of the high commissioners from the embassies that were here over the past couple of days, representatives from many, many different countries around the world, from all different continents. Their governments are aware of our climate leadership plan. They not only praised our government for taking action, but I can tell you

that they are much more interested in trading with Alberta and strengthening our collaboration between our province and their countries. What I found the most fascinating, especially, was the fact that European Union countries have been waiting for the province to take meaningful action on the environment and are quite excited at future partnerships that we're going to have and opening up doors for expanding trade.

To the member's question. Market access and trade are absolutely critical for our province. As I've said before in this House, Alberta last year exported \$120 billion worth of goods; \$109 billion went to the U.S. alone. They are our number one trading partner. However, it is of the utmost importance that we expand our trade networks, that we access other countries, that we look at opportunities to do more business in Asia, in Europe, in South America and Africa, and that is exactly what we're doing.

Work through our international offices. Again, as I mentioned earlier, in our budget the growth in the interim supply for Economic Development and Trade: much of that is because our international offices are required to pay the bill up front for the year, so that's a significant reason that my budget has increased.

Madam Chair, I'll conclude by assuring the member that our government is doing everything that we can, working with our provincial counterparts across the country, working with the federal government to ensure that they understand the economic benefits of projects like Energy East and how much it benefits all Canadians, not just Albertans: tens of thousands of jobs, billions of dollars in GDP. Quite frankly, I think our approach has already produced results where previous governments, in their approach of doing nothing but hoping that we can just sell our product, have failed. So we will continue to work on that. That is a commitment that the Premier has made and that I've made, that the Minister of Energy has made, and I'm confident that we will achieve just that.

Thank you.

Mr. Rosendahl: Thank you, hon. minister.

I'll yield my time. Thank you, Madam Chair.

The Chair: The hon. Member for Edmonton-Whitemud.

Dr. Turner: Thank you, Madam Chair. This is to the Minister of Health. Minister, speaking with my constituents and my colleagues on the front lines in health care as well as Albertans across the province, a key message I've been hearing time and time again is that Albertans are really pleased with the increased health budget that we saw last year. I'm particularly impressed with the distribution of naloxone that happened recently, the expansion of midwifery, and the expansion of access to electronic medical records for all of us health care workers. There is a concern, though, about access to affordable medication. It's critical to Albertans' health and quality of life. I'm particularly concerned about our vulnerable populations' access to health. Could the minister speak to this, as to what she's doing with these estimates?

Ms Payne: First, I would say to the member that we've heard similar concerns in ridings across the province. With respect to the increase for drug and supplemental health benefits, that \$146 million increase has benefited Albertans by allowing us to continue to add new therapies to our drug coverage plans, which includes 26 new products through the Pan-Canadian Pharmaceutical Alliance as at the end of Q3 of this fiscal year. With the shift by the pharmaceutical industry to focus more on high-cost but higher precision treatments such as Sovaldi and Harvoni for hepatitis C, our government anticipates higher expenditures for these types of products. However, these therapies have also been proven to increase the cure rate for treated patients. All drugs that are being

added to the health program are ones that have evidence of similar and often increased clinical benefit to our patients.

Thank you.

Dr. Turner: Thank you, Minister. I can attest to the benefits of that sort of approach to our cancer patients as well.

Minister, a highlight of Budget 2015 was a desire by your ministry to upgrade medical equipment. I say that this is significant because upgrading old equipment ensures that Albertans are receiving the services they require. Can the minister speak to some of the upgrades that have taken place? How does the interim budget help facilitate this ongoing need?

The Chair: The hon. associate minister.

Ms Payne: Thank you. The medical equipment replacement and upgrade program was established to help ease the strain of replacing and upgrading aging and obsolete medical equipment and technology throughout our province. In Budget 2015 \$23.5 million was committed to addressing these needs and to supplementing new clinical program technology requirements. We are continuing to work with Alberta Health Services to fund targeted high-priority technologies, including the replacement of medical equipment. There is an allocation in the interim supply to continue this important work until the upcoming budget is fully approved.

Thank you.

Dr. Turner: Thank you again.

Minister, on page 136 of the government estimates addictions and mental health were provided with an 11.2 per cent increase in funding compared to 2014-15. I've heard concerns from my constituents and elsewhere regarding the state of addictions . . .

The Chair: Hon. members, that concludes that segment of time.

We're beginning the rotation again, and we'll be moving over to the Official Opposition. Times now are shorter. We've got a combined 10 minutes per speaker.

Hon. Member for Livingstone-Macleod, did you wish to do a back and forth?

Mr. Stier: Yes, Madam Chair. Thank you. I would like to address my questions to the Minister of Municipal Affairs if I may. I'd appreciate, if it's okay, going back and forth, Minister.

Ms Larivee: Sure.

Mr. Stier: Okay. Thank you very much.

Good morning, all. A pleasure to be here at this moment to discuss the budget and, specifically, Municipal Affairs. Minister, it's been a while since we've spoken, and I just have a few things to get out because of the limited time.

Madam Chair, did you say that I have 10 minutes, one block of 10 minutes?

The Chair: Ten minutes in total if you're doing a back and forth.

Mr. Stier: Okay. Ten minutes. That's great. So now we know. Would you mind giving me the heads-up at nine minutes?

The Chair: Sure.

Mr. Stier: Thank you very much.

Ms Larivee: It has to be shared, 10 minutes.

11:10

Mr. Stier: I understand that, Minister. Thank you.

Minister Larivee, I was just looking over, as a start here – I have several questions. I hope we can have some brevity if possible. According to your interim supply estimates you're budgeting roughly \$265 million for operating and capital expenses. For the same period last year it was around \$233 million. It looks like about a 13 per cent increase in spending for this period. I'm just wondering if you could explain where that \$31 million increase is. Is it spread out over a lot of things, or are there a couple of significant items that you can tell us about, please?

The Chair: The hon. Minister of Municipal Affairs.

Ms Larivee: Thank you very much. Salaries and supplies and services are anticipated to be just meeting our general expenses. I spoke already to the Member for Calgary-Elbow about all the amazing things that Municipal Affairs is doing to support the everyday work of the department, some flow-through in that, some general expectation around grants that need to go. In terms of our capital investment it's to do with the IT requirements of the department moving forward, and that's the allocation that we're expecting to need at this point. The financial transactions, in particular, are around the southern Alberta flood in 2013 and disbursements with that, so all well within expected and in line.

Mr. Stier: Okay. Thank you for that. That's interesting, and I appreciate your brevity in those answers.

The mayor's caucus is here in town this week, and they certainly are concerned about a lot of things. As always, MSI is one of the key things for our municipalities and how they work and how they get their funding to operate. There are a lot of small towns in every riding, including my own, of course, and possibly yours, where there are very few revenue streams to work from. Normally we see that delivered in June, roughly, and we have not had any inkling as to what's going on with MSI funding so far in any specific way. You know, the construction season is quite short already. We're not really necessarily being clear, I don't think, yet so that municipalities can look ahead and say, "Okay; the government said that there are X amount of dollars to work from," so that they can take their formulas, do their calculations, and they can present to their councils what they expect to do with their construction season coming up and other spending they need to do.

We're just wondering and I'm wondering: is it possible that we could have seen some more specific information here that would have told us how much was going to MSI in this interim supply, or would it have been possible – and I know the Finance minister is looking at me at the same time – to incorporate what was going to be in MSI at this early stage to provide the municipalities an earlier opportunity than what they're left with currently to get to work and get their budgeting under way and get their capital projects going?

The Chair: The hon. minister.

Ms Larivee: Thank you, Madam Chair. Based on the fact that this is interim supply only and not the budget, payments for MSI and the basic municipal transportation grant and the small communities fund cannot take place under those programs until the budget is passed. This is not the place for them. They cannot be included in interim supply. I certainly look forward to your support as we move forward with passing the budget as quickly as possible so that those municipalities can get those funds as soon as possible and we can get that budget tabled.

I mean, moving forward, certainly, you know, the municipalities are incredible partners with us. We recognize the incredibly valuable support that they provide to Albertans right across this province, and it has been my greatest pleasure since

becoming the Minister of Municipal Affairs to have the chance to interact with the leadership of the municipalities across this province, who are so committed to taking care of the Albertans we all are responsible for.

Certainly, as you know, there are significant budget challenges that we are looking at, that potential \$10.4 billion budget, and Albertans do expect us to be fiscally responsible. So with that, we are taking the time to ensure that the budget we put forward is the very best budget that makes the most sense for Albertans, and the portion for MSI will be a part of that.

Mr. Stier: Thank you, Minister. I think that's good on that. I appreciate your extended comments.

You know, last time around, prior to the last election, the previous government delivered an additional \$400 million to the MSI package, and I'm just wondering if there are plans that you could share at this time with regard to that same amount coming up for this year. Obviously, it may not be a portion of this supply estimate – is it? – or is that something you're considering? Can you shed any light on that, please?

The Chair: The hon. minister.

Ms Larivee: Thank you very much, Madam Chair. As previously stated, MSI, because it has to be passed in the budget, cannot be a part of interim supply. There's no portion of this that includes MSI. Again, I look forward, when we have the opportunity to discuss the full budget as opposed to interim supply, to having your support for providing the municipalities with MSI funding as part of the various supports that we provide to municipalities. Again, we recognize the fact that municipalities depend on MSI for their capital funding in order to provide that support to municipalities, and we still value and support the MSI program.

Mr. Stier: Thank you, Minister.

Operating grant, so on and so forth: \$30 million in the last one. Will that be continuing to be funded moving forward? How much of the interim supply is allocated here towards operating, please?

The Chair: The hon. minister.

Ms Larivee: Thank you so much. I will state for the third time that MSI cannot be disbursed, including the operating component, until the programs have been passed in the budget, so I look forward, again, to your support with providing that valuable funding to municipalities.

When we move forward in the future, there certainly are some other supports that we will be doing. The portion that Municipal Affairs provides for, grants in place of taxes: we will be providing some portion of that to municipalities within the first two months. Supporting the amazing hubs, that libraries' function, in municipalities: we will be providing them with their grants within the first couple of months. Also, we will be providing a certain amount of support to municipalities in terms of the regional collaboration program, projects through the Alberta community partnership grants. We will be delivering their share of federal gas tax funding to municipalities. MSI, however, cannot be addressed until after the budget is tabled and passed.

Mr. Stier: Thank you, Minister. Sometimes getting on the record on certain subjects is as important as hearing your repeated answer, so I appreciate your patience here. Fair enough.

Then let's move on to something else. The MGA will be reviewed coming up. I'm just wondering: because that's an ongoing situation, are there some funding mechanisms, some monies in

place going towards that work within this budget here that we're working on today, the interim supply, please?

Ms Larivee: Thank you very much for the opportunity to speak about the valuable work that my department does in terms of providing support to municipalities. We're very committed to strengthening the capacity and viability and sustainability of municipalities and proud of the work we do in supporting them. Part of that is the development of the Municipal Government Act, that we plan to table here in the spring. We really expect it to be about modernizing the MGA and supporting municipalities to be the very best that they can be moving forward. That is part of the ongoing work that my department does. Certainly, the salaries of the workers who are continuing to work on the MGA are included as part of the expenses within my budget.

Mr. Stier: Okay.

The Chair: You've got about 20 seconds left.

Mr. Stier: Oh, thank you. Well, thank you, Minister. It's been enjoyable.

Just one last thing, I guess. Growth boards are coming up. Is that part of the ongoing work that you just described a moment ago within this interim budget, too?

Ms Larivee: Yes.

The Chair: Moving along with the rotation, do we have a member of the third party wishing to speak? The hon. leader.

Mr. McIver: Thank you, Madam Chair. We'll go back and forth, and I will share some of my time with our House leader, please.

Questions. The Finance minister – and I appreciated that, although we didn't agree completely – did say that they are reining in spending. That was his phrase. He did actually mention reducing FTE, full-time equivalent, people. I know there's been some talk about doctors, nurses, and teachers. To the Education minister: when you were reining in spending, how many full-time equivalents were you able to rein in, and did that include any teachers in your area, please?

11:20

The Chair: The hon. Minister of Education.

Mr. Eggen: Well, thank you, Madam Chair. Certainly, we've been instructed by both Treasury Board and the Finance minister working together to outline demonstrable ways by which we can contribute to very careful and prudent spending. You know, in Education this will be – you'll see this in the budget, right? Certainly, we've been looking very hard at our department. My department did take a 9 per cent, I believe, cut previously, so it's not easy to do that. Then, of course, I've been having very strong conversations with our 61 school boards, for them to be looking for ways to save money as well. As I said earlier this morning, I distribute 97 per cent of the total Education budget to the 61 school boards.

Perhaps the most interesting saving, that we saw just appearing in the last couple of weeks, is how we've been running our pay-as-you-go capital disbursements of funds. As I said earlier this morning, we found that this will continue on an annualized basis to save about 3.5 per cent in interest expenses, which would add up to about \$15 million.

In regard to the disbursements of funds with the new budget – I never thought I'd say this – you'll have to wait and see on that one

in the next couple of weeks. [interjections] Yeah. I learned that from elsewhere.

That's what we've been doing. Certainly, we've all been instructed and have looked at every dollar very carefully in K to 12 education.

Mr. McIver: Okay. Respectfully to the good minister: you didn't answer the question. But we'll come at this a little bit differently, of course, because I believe that Albertans, like people in the PC Party, think that we need to make sure that teachers are there for our kids. So let me go here: have you talked with the school boards about the percentage of funding for education that actually goes into the classroom, and are you contemplating increasing the percentage that goes into the classroom in order to have those classrooms well supported by teachers and aides and books and all those wonderful things that kids need and deserve while still controlling your budget? What have you done that way?

The Chair: The hon. minister.

Mr. Eggen: Yes, Madam Chair. Thank you for the question. As part of our annualized funding for school boards we, of course, restored the funding for enrolment as soon as we began. The third-quarter instalment of that was just put forward. We've seen over the last year, by restoring funding and budgeting for funding, about 740 teaching positions and the retention and support of more than 800 support staff positions as well.

Certainly, we're talking with school boards very carefully so they recognize that we made a commitment to fund for enrolment. We're watching those numbers very carefully. We saw a 2.7 per cent increase in enrolment this last year. It's very interesting. I saw the ATB report on population this morning, which suggested that our population is holding steady and continuing to increase, in fact, and that probably will be reflected in my K to 12 enrolment increases as well.

It's very important, as I said before, and I'll say it again: we need to fund enrolment and provide a high quality of education regardless of what the price of oil is because we have children at every development level – I can see one at the end at the very first development level – and we have to make sure that those teachers and support staff are there in front of the kids at each stage along the way. We're prepared to make sacrifices in that regard. I know that the rest of this House is prepared to make sacrifices in that regard, too, because ultimately I believe that that is our purpose, to provide something better and high-quality for the next generation in regard to their education and quality of life.

Dr. Starke: Well, Madam Chair, I'm going to ask the minister to maybe be a little more specific in his responses because, you know, in the light of the old hockey players he's ragging the puck very well here.

I do want to look specifically at capital investment and capital builds. Minister, earlier you said that you're pleased to see that in the case of some school builds things are ahead of schedule. I mean, one thing that I think we've seen right across the province, from municipalities and right across – one of the, I guess, good things that comes out of our current economic situation is that construction projects are actually being completed at a lower construction cost. Labour costs are lower. I hear the Finance minister nodding his head. I think these are positive things, but what I do want to ask is: if there indeed is a 10 to 20 per cent saving or whatever the number is, does the number that's in the capital budget reflect a 10 to 20 per cent decrease in the capital budget, or does it reflect a 10 to 20 per cent increase in the number of schools that are being built?

The Chair: The hon. minister.

Mr. Eggen: Thank you, Madam Chair and to the hon. member for that question. It has not been adjusted for the new decrease in – this was anecdotal, that I saw from Edmonton public schools in the last 48 hours or so. With the more fluid system that we've developed, pay-as-you-go, disbursing the funds to each of the school boards across the province, we can make those adjustments much quicker in our budget. Disbursing those funds to the boards: we will see that on an ongoing basis. You can look at projects.alberta.ca. It has, I think, some good information on the state of each of the projects across the province, and I believe that we will be able to save money over time.

Like I said before, just by disbursing funds on a more fluid basis, we figure that we can save at least \$15 million in interest this year on this new process. No. It is as it is right now, but we will be moving those monies and seeing the appropriate savings from borrowing on capital or another way. Of course, we have another round of schools that we will evaluate, and we will need to build some of those schools based on the very small number that EPSB gave me. You know, if you're building five at a 23 per cent discount, you get another school off that, potentially, or, of course, a 23 per cent savings. So that's good news, certainly.

Dr. Starke: Madam Chair, specifically, though – you know, the pay-you-as-go is actually a good initiative; I know the school boards like it – I would ask the minister: will he commit to the House today that once we're farther down this process and more school builds have been done he will give an indication as far as what the initial budgeted cost for a project was and what the actual cost was and indicate the savings? Either you build more schools for the same amount of money or you build the same amount of schools for less money, but if the construction costs are going down, Albertans want to know what those savings are.

Mr. Eggen: Madam Chair, yes. Absolutely. I will certainly be transparent and forthcoming in all those numbers. You know, I'm hoping that with very hard work from school boards, Infrastructure, and my department we'll have some good news in that regard.

Thank you.

Dr. Starke: Madam Chair, I'm going to actually address the same question to the Infrastructure and Transportation minister. Again, his area would also be affected by these lower construction costs. Will he commit to the House today that at the end of each fiscal year we will receive an accounting of what the projects were originally budgeted to cost and what the cost savings were and whether we see more projects for the same money or the same number of projects and what the cost saving would be?

The Chair: The rotation now goes to the independent member.

The hon. Member for Calgary-Elbow.

Mr. Clark: Thank you, Madam Chair. I'll just pick up on that question from the hon. Member for Vermilion-Lloydminster. Will we see the same number of projects at a lower cost or a greater number of projects at the same cost? [interjection] Thank you. I'll let you answer that question, Mr. Minister.

The Chair: The hon. minister.

11:30

Mr. Mason: Thank you very much. It goes from a deep blue to a light blue. It's a spectrum. So to my sky-blue colleague over there I wanted to indicate that as savings are found in the capital budget, we don't automatically build new projects. We account for the

money that's been saved, and we make a decision about what we're going to do with the money that has been saved. It's a conscious decision to use the money in one way or another, and it may well be to build, you know, additional projects, but we don't just automatically start adding schools because we found a 10 or 15 per cent savings in the cost.

If the member would like, I have a more fulsome answer for him on the question of the lapsed capital.

Mr. Clark: Certainly. That actually goes to the question I would like to ask. On your earlier comment about the shade of blue, the official Pantone colour is known as brilliant blue. Optimistic sky blue is the other one as well. Thank you very much. Yes, my work here is done. No. Madam Chair, thank you very much.

I will go down the path here of digging a little deeper into the ability of the government to actually deploy the capital, and I will give the minister the opportunity to answer that question. But I just want to make this point, that we're in a time here of borrowing substantial amounts of money to build capital, which, again, I broadly agree with. It looks like our friends in the federal government – if indications are correct, we should receive a substantial amount of money from our friends in Ottawa for capital spending in this province. We'll see if, in fact, they come up with that, how good as friends they actually are of this province. That remains to be seen, but I am ever optimistic that we will receive substantial support from the federal government. But in so doing, I have that ongoing concern about the ability of this government to actually deploy that capital efficiently, cost-efficiently, and deploy it effectively in a timely fashion. So when we see money rolling over from year to year, that's a big concern.

With that I'll ask an open-ended question to the Minister of Infrastructure and Transportation to try to address that concern. Thank you.

Mr. Mason: To the brilliant-blue member, I guess that means our PC friends are royal blue and our friends in the Wildrose are midnight blue.

I just want to talk a little bit about some of the reductions due to reprofiling and capital lapses identified by the ministries. This includes reprofiling of \$130 million for schools into future years to reflect construction progress, \$10 million of which is capital grant funding for the Peerless Lake and Trout Lake First Nations communities; reprofiling of \$101 million of capital grants for carbon capture and storage initiatives to future years because the projects have not met the planned milestones that they were required to for grant payments; net capital investment lapse of \$63.8 million for Transportation due to various project delays; net decrease in capital funds for Environment and Parks of \$59 million; a lapse of \$55 million from the climate change and emissions management fund; and a lapse of \$4 million from the Alberta land trust grant program. The reduction of \$948 million is comprised of \$694 million required in future years to complete ongoing projects – this reprofiling will be reflected in the 2016-21 capital plan – \$77 million in SUCH sector self-financed reductions, and the remaining \$177 million is due to capital funding that will not be spent in the current fiscal year and is not required in future years to complete projects or is capital items that are offset by revenue.

Overall, capital spending will be reduced by 12.1 per cent for this fiscal year compared to Budget 2015. Our goal is to move this closer to 5 per cent in future years. Having said that, I want to just indicate that that reprofiling of cash flows is a normal part of the capital plan. It does not represent increases or decreases to projects but, rather, represents adjustments to the timing of cash flows to match projected needs and progress. Often delays due to weather,

building permits, site access issues, and other unforeseen circumstances result in some funding going unspent in a given year and project cash flows needing to be adjusted to maintain the approved funding required to complete the project.

The Financial Administration Act recognizes that it is often difficult to forecast capital spending and has a provision to allow capital investment funds to be carried forward, in section 28.1. Ernst & Young has advised the government that other jurisdictions, including Ontario, B.C., Manitoba, and Saskatchewan, target to spend 85 per cent of the annual cash flows for each year. The city of Edmonton has also confirmed that 85 per cent is the spend goal, but it may vary from year to year depending on unforeseen circumstances. We are forecasting to spend 87.9 per cent of the capital budget in 2015, which is somewhat above the practice of other jurisdictions. Nevertheless, it's more than we expected.

Now, with respect to your question about: can we spend the money that we're borrowing going forward? There are two factors, I think, that need to be taken into account. First of all, a number of projects are in a planning phase, and they will be available and be moving towards construction as we move through the five-year capital plan, so there will be more projects that will be available that we'll need the money for. Secondly, a number of projects, of course, will be winding down that are currently under construction, major construction projects, particularly in Edmonton but in other parts of the province as well, that will then free up resources in order to make them available for the projects that we have in mind in the next several years of the capital plan.

For those two reasons, hon. member, I believe that we in fact will be able to spend money that is provided for in our capital plan and be able to put Albertans to work and get good infrastructure built for the people of Alberta at a lower cost than otherwise. I continue to believe that our plan is a good one.

Thank you.

The Chair: The hon. member.

Mr. Clark: Thank you, Mr. Minister, and thank you, Madam Chair.

In my remaining brief, few minutes here I want to shift to operating costs. I know we've talked a lot about overall operating costs, and they're embedded here through the interim supply. My question to anyone on the front bench is: specifically, what are you doing to bend that operating cost curve? I've a significant concern here that in challenging times people all around this province, businesses all around this province are doing more with less in a meaningful and substantial way. That means efficiencies. That means hard conversations with people who work in your organizations. I'd like to just open that up and ask that question. What specifically are you doing, and can we expect a significant reduction in costs without significant reductions in front-line services?

Ms Hoffman: Since I've got the budget that needs the most curving, I thought I'd take the question, so thank you for the opportunity. We're certainly committed to carefully managing the costs that we have and ensuring that Alberta families get the best care for the best value. That's, I think, something that we should all share as a guiding value, and finding efficiencies to improve care and ensuring that our health care system is sustainable for Albertans over the long term are very high priorities.

For example, last session I made the announcement about RAPID, a new drug treatment for people who are experiencing macular degeneration at far lower cost to both the taxpayer and without a copay for the actual recipient. These are some of the decisions around drugs. The three biggest cost pressures in health

care, increasing at the highest rates as well over the last number of years, are hospital operations, physician compensation, and drugs. That was one example about drugs.

Another is that this year by switching to generics over brand name, we're saving another \$18 million. We're working with other provinces to come up with lower generic drug prices for all Canadians. As well, through FPT initiatives we're working on efforts around a common formulary, hopefully, so that we can have greater consistency in pricing and also service to Canadians around the cost of drugs. Right now about 1 in 5 families isn't actually fulfilling their prescriptions Canada-wide because they just can't afford the copay pieces.

We're also building 2,000 long-term care beds, which is an expense but is far more efficient to operate than having people living in acute-care hospital beds who should be living in long-term care.

Of course, another big piece is that operational best practice, working with counterparts in other provinces around efficiencies in operations, making sure that we have the right professional providing the health care services rather than always going to the highest educated or highest paid.

Thank you.

The Chair: We'll now go to the government private members again. Next on my list I have Calgary-Klein.

Mr. Coolahan: Thank you, Madam Chair. I'm going to ask some questions of our Minister of Energy in a back-and-forth manner if that's okay.

Minister of Energy, the market access and diversification were always key priorities for your ministry in Budget 2015. Can you provide an update on what is being done to increase global market access?

11:40

The Chair: The hon. Minister of Energy.

Ms McCuaig-Boyd: Thank you, Madam Chairman. Yeah. We're doing a few things to ensure that we get greater market access. Certainly, the first and foremost are our pipelines. We recognize that they're crucial to getting our oil to market, and they're a national energy infrastructure piece, and it's dire to our whole nation, not just Alberta. Alberta is an economic engine in Canada, and pipelines are a fundamental part of our economy. So just like the federal government led the construction of our national railway many years ago, we see the need for playing a role in getting these pipelines built in the 21st-century economy.

First of all, we're working continually with our federal counterparts and with our industry partners to assist them in getting market access, both east and west. We're working on market access with a clear approach. First, we're improving our environmental record, which we've done with our climate leadership plan, and I have to say that days after that was revealed, the conversation nationally really changed. Second, we're looking to our federal government to play a leadership role as well in helping us get our Alberta products to market. Lastly, we've changed the strategy, as previously Minister Bilous mentioned. We're taking the drama out of it and the emotion, and we want the pipeline projects to be considered for their merit, not as an emotional, political issue.

The second thing we're doing is petrochemical diversification. Alberta is an energy province, and we are always going to be an energy province, but we cannot underestimate the change and the shale gas revolution that take the United States from being our primary customer to our primary competitor. So we've revealed a petroleum diversification program that is a direct result from talking

to industry. This program will attract investment and create jobs. We heard clearly from our petrochemical industry in Alberta that that sector is an attractive and competitive place to operate a value-added facility, but due to factors beyond our control, like the way winter drives up construction costs – and we are a tougher place to build than around the U.S. Gulf coast – we need to look at some incentives. The petrochemical diversification program is designed to help overcome some of these challenges for our industry and create a bit of a level playing field with places like Louisiana.

Since launching this program we have heard from many industry people that projects that were once being strongly considered for Louisiana are now being considered for Alberta. This program can and will generate up to 3,000 new jobs in construction. As well, we'll generate more than a thousand jobs when the new facilities begin construction. So this program will help leverage about 5 billion new dollars in investment in Alberta that would have otherwise gone to the U.S.

So those are two things that we're doing.

Mr. Coolahan: Thank you for that fulsome response, Minister.

I have an additional question. Promoting Alberta's energy industry to oil and gas investors is of particular importance given the current economic situation. We must assure energy investors that we are open for business and encourage investment to stay here in Alberta. Can the minister please follow up with how Budget 2015 and the work for her ministry are promoting investment in Alberta's oil and gas sector?

The Chair: The hon. minister.

Ms McCuaig-Boyd: Thank you, Madam Chairman, and thank you for the question. Certainly, as Minister of Energy I look for any opportunity to promote our energy industry to our country and, indeed, to the world, and I'm very proud to do that on behalf of Alberta.

I recently went to Houston to do just that. My focus while there was to get people to look at investing in Alberta and creating jobs. A lot has changed for the better, and I want the world to know that. Our new royalty framework is competitive like never before. We have replaced an out-of-date, risky framework with one that is modern, competitive, and gives investors the certainty that they need because the industry has changed significantly in even the last five years. Our climate leadership plan positions Alberta to be one of the most responsible energy producers. I was thrilled, in fact, when I was in Houston that Steve Williams of Suncor personally promoted our leadership plan as a reason to invest in Alberta during his address in Houston.

As I mentioned, we are working to change the conversation on pipelines. One of the intents of our climate leadership plan was to take the drama, as I said, out of the pipeline and work collaboratively with our counterparts and ask them to please consider the merits of the project rather than the emotion of the project. I was thrilled to read in the *Globe and Mail* recently that Murray Edwards, of CNRL, and Brian Ferguson, of Cenovus, have also endorsed this approach. They know that yelling and screaming hasn't worked in the past and that telling people they're stupid doesn't work, so we're looking to be collaborative and educate people.

Thank you.

The Chair: The hon. Member for Edmonton-South West.

Mr. Dang: Thank you, Madam Chair. I'd like to share my time with the ministers as well.

Obviously, we know there are a lot of eyes on the economy right now in the province. This is for the Minister of Culture and Tourism. Seeing that tourism is one of the major economic drivers here in Alberta and that over \$8 billion is spent in Alberta by visitors that support over 127,000 jobs and more than 19,000 businesses, how are we using interim supply to support this sector to help with its continued growth?

The Chair: The hon. Minister of Culture and Tourism.

Miranda: Thank you, Madam Chair. I am very happy to direct my comments to the Chamber today and talk about an industry that's actually doing remarkably well despite the economic downturn that we've seen around the globe. I think we can also think about tourism – I would like to think about tourism, actually, as an economic pipeline that brings people into this province with their money. It actually allows us the opportunity – you know, we've seen the challenges that a low dollar places, but it also gives us the opportunity again, like I said, to showcase the natural beauty of this province and, of course, to hopefully attract some of our friends from the south to come up here and spend some time.

I think I've had the opportunity now to talk to a lot of our friends from the opposite side, who are also very excited about the economic development that can take place by growing our current tourist destinations and perhaps expanding them as well and exploring new ones and actually finding ways – because when it comes to tourism, especially in the rural areas, we have a lot of potential. It's one of those things that I can tell you I'm truly excited about.

As I mentioned, we've talked about bringing people here, and one of the things that I did – I think it was the first day on the job – was to actually go down to my hometown of Calgary to announce the beginning of flights directly from Beijing to Calgary. It's going to be a fantastic opportunity, again, to grow our market share and, of course, give us the opportunity to then, hopefully, have them stay in the city a couple of extra days before they go off to their final destination. What it does do, actually, Madam Chair, is again open up our markets to new destinations and bring those people to this province, which, you know, all of us can very much agree is very desirable.

The other thing that our ministry does is that it provides funding for grants and programs. It supports places like the Royal Tyrrell Museum, which last year celebrated their 30th year of being around. What we've seen and what I've been told by my ministry staff is that we've seen attendance up by 14 per cent. So when we're looking at all of these different things, the destinations that we already have that are established, the attractions that are in this province that make this the desirable and diverse and very dynamic province that we know and very much love, we see that there's a lot of potential here, a lot of opportunities to keep growing and diversifying our economy, creating new jobs as well.

In terms of what this interim supply will do, it will allow me to continue funding those programs. There are many of the programs that we give funding to that have deadlines that have to be met by . . . [A timer sounded] Sorry.

11:50

The Chair: The hon. Member for Calgary-Foothills.

Mr. Panda: Thank you, Madam Chair. Today I'm speaking specifically about Economic Development and Trade. I'll do a back and forth. I have comments and observations. Then I would like to share some of my time with my colleague the Transportation critic.

Four months ago, when we went through last year's estimates, I had an opportunity to discuss with the minister specific

performance metrics and measures of his ministry, and we both agreed that we should measure the outcomes, too. For this year's review I'm hoping he'll bring back some of those reports.

But talking about this year's interim supply, this Legislature has no information on the spending details of this supply bill. There are no details regarding how much of this is for grant money or for operational costs, how much is for staffing, or how much is for travel and who knows what. We have no details. This interim supply is just for two months, and two months of the budget should be approximately 16 per cent of the total budget for the year. Knowing well that there could be other expenses at the beginning of the year, like the minister mentioned earlier, that may push the amount over 16 per cent, we have to watch out. The extra money should be justifiable. If the minister could tell the House why the budget is more than 16 per cent.

My other question to the minister is: why does this bill give the ministry 75 per cent of last year's total budget? Last year the total budget was \$278 million, Madam Chair, and this interim supply alone is \$209 million. That's nowhere near 16 per cent of the normal budget that is required for two months' worth of operations. Why does the minister need nine months' worth of supply for just two months, and why is the ministry spending 75 per cent of its total budget in just two months? The entire budget for Economic Development and Trade would be \$1.25 billion if you prorate that. That's how much the budget would be if the \$209 million was just 16 per cent of the budget.

Thank you.

The Chair: The hon. minister of economic development.

Mr. Bilous: Thank you very much, Madam Chair, and I thank the member for his questions. I'll go in the order that the member asked. Last year in estimates he did raise the point about performance measures and outcomes. I agree with the member that we need to have specific targets. They need to be measurable, and that way we can be accountable to Albertans for the dollars that we're spending and ensure that we're reaching the targets that we're setting. I will assure the member that when we go into estimates, there are specific, concrete, tangible performance measures in my budget that we will be able to discuss, and I think that the member and all

members of the Assembly will be quite pleased to see the approach that we're taking on that. Absolutely.

As far as the question about 16 per cent, or two months, of the budget, as was mentioned earlier, we don't just prorate the budget. I'm not taking my yearly budget and dividing it by 12 and then adding two months together, and that's the total that we have. The \$209 million, which is a significant increase from the past, is for a few different reasons. One, I mean, as with all of my cabinet colleagues, interim supply is meant to cover off the day-to-day operations of each of our ministries and to ensure that government doesn't grind to a halt or that suddenly services that we all depend on don't abruptly stop. Really, interim supply is a carry-over method.

I'm just going to add a couple of quick pieces, Member. We're looking at the international offices that we pay up front. There are significant research and developments costs, R and D costs, as well for our Innovates.

The Chair: Hon. members, pursuant to Standing Order 4(3) the committee will now rise and report.

[The Deputy Speaker in the chair]

The Deputy Speaker: The hon. Member for Leduc-Beaumont.

Mr. S. Anderson: Thank you, Madam Speaker. The Committee of Supply has had under consideration certain resolutions relating to the 2016-2017 interim supply estimates, reports progress, and requests leave to sit again.

The Deputy Speaker: Does the Assembly concur in the report? All those in favour, say aye.

Hon. Members: Aye.

The Deputy Speaker: Those opposed, say no. That motion is carried.

The hon. Government House Leader.

Mr. Mason: Thank you very much, Madam Speaker. I would move that we adjourn until 1:30 p.m.

[Motion carried; the Assembly adjourned at 11:56 a.m.]

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