



Legislative Assembly of Alberta

The 30th Legislature
First Session

Standing Committee
on
Alberta's Economic Future

Ministry of Infrastructure
Consideration of Main Estimates

Tuesday, November 5, 2019
3:30 p.m.

Transcript No. 30-1-7

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

Standing Committee on Alberta's Economic Future

van Dijken, Glenn, Athabasca-Barrhead-Westlock (UCP), Chair
Goehring, Nicole, Edmonton-Castle Downs (NDP), Deputy Chair
Bilous, Deron, Edmonton-Beverly-Clareview (NDP), Acting Deputy Chair

Allard, Tracy L., Grande Prairie (UCP)
Dang, Thomas, Edmonton-South (NDP)
Gray, Christina, Edmonton-Mill Woods (NDP)
Horner, Nate S., Drumheller-Stettler (UCP)
Irwin, Janis, Edmonton-Highlands-Norwood (NDP)
Issik, Whitney, Calgary-Glenmore (UCP)
Jones, Matt, Calgary-South East (UCP)
Reid, Roger W., Livingstone-Macleod (UCP)
Rosin, Miranda, Banff-Kananaskis (UCP)*
Rowswell, Garth, Vermilion-Lloydminster-Wainwright (UCP)
Stephan, Jason, Red Deer-South (UCP)
Toor, Devinder, Calgary-Falconridge (UCP)

* substitution for Matt Jones

Also in Attendance

Carson, Jonathon, Edmonton-West Henday (NDP)

Support Staff

Shannon Dean	Clerk
Stephanie LeBlanc	Clerk Assistant and Senior Parliamentary Counsel
Teri Cherkewich	Law Clerk
Trafton Koenig	Parliamentary Counsel
Philip Massolin	Clerk of Committees and Research Services
Sarah Amato	Research Officer
Nancy Robert	Research Officer
Michael Kulicki	Committee Clerk
Jody Rempel	Committee Clerk
Aaron Roth	Committee Clerk
Karen Sawchuk	Committee Clerk
Rhonda Sorensen	Manager of Corporate Communications
Jeanette Dotimas	Communications Consultant
Tracey Sales	Communications Consultant
Janet Schwegel	Managing Editor of <i>Alberta Hansard</i>

Standing Committee on Alberta's Economic Future

Participants

Ministry of Infrastructure

Hon. Prasad Panda, Minister

Tracy Allen, Assistant Deputy Minister, Capital Projects Delivery

Shannon Flint, Deputy Minister

Faye McCann, Executive Director and Senior Financial Officer, Finance

Andy Ridge, Assistant Deputy Minister, Properties

3:30 p.m.

Tuesday, November 5, 2019

[Mr. van Dijken in the chair]

**Ministry of Infrastructure
Consideration of Main Estimates**

The Chair: Thank you. I'd like to call the meeting to order and welcome everyone. The committee has under consideration the estimates of the Ministry of Infrastructure for the fiscal year ending March 31, 2020.

I'd ask that we go around the table and have all MLAs introduce themselves for the record. Minister, please introduce the officials that are joining you at the table. I am Glenn van Dijken. I'm the MLA for Athabasca-Barrhead-Westlock and chair of this committee. I will continue, starting at my right.

Mr. Bilous: Good afternoon. Deron Bilous, MLA, Edmonton-Beverly-Clareview, and acting deputy chair.

Mr. Horner: Good afternoon. Nate Horner, MLA, Drumheller-Stettler.

Mr. Reid: Good afternoon. Roger Reid, MLA, Livingstone-Macleod.

Mrs. Allard: Good afternoon. Tracy Allard, MLA for Grande Prairie.

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

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

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

Ms Issik: Whitney Issik, Calgary-Glenmore.

Mr. Panda: Good afternoon. I'm Prasad Panda, MLA, Calgary-Edgemont. I have with me my deputy minister, Shannon Flint, ADM Andy Ridge, and Faye McCann, senior financial officer. Also, I have other others here with me. Jennifer Flaman is our ADM, corporate strategies and services. Tracy Allen is ADM for the projects delivery division, and I have my ministerial staff also with me.

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

Mr. Dang: Thomas Dang, Edmonton-South.

The Chair: I'd like to note the following substitutions for the record: MLA Bilous as deputy chair for MLA Goehring and MLA Rosin for MLA Jones.

Please note that the microphones are operated by *Hansard* and that the committee proceedings are being live streamed on the Internet and broadcast on Alberta Assembly TV. Please set your cellphones and other devices to silent for the duration of the meeting.

Hon. members, the standing orders set out the process for consideration of the main estimates. Standing Order 59.01(6) establishes the speaking rotation while the speaking time limits are set out in Standing Order 59.02(1). In brief, the minister or member of Executive Council acting on the minister's behalf will have 10 minutes to address the committee. At the conclusion of his comments we begin a 60-minute speaking block for the Official Opposition, followed by a 20-minute speaking block for the government caucus.

The rotation of speaking time will then alternate between the Official Opposition and the government caucus, with individual speaking times being set to five minutes, which, when combined with the minister's time, makes it a 10-minute block. I remind you that discussion should flow through the chair at all times regardless of whether or not the speaking time is combined. Members are asked to advise the chair at the beginning of their rotation if they wish to combine their time with the minister's time. If members have any questions regarding speaking times or the rotation, please feel free to send a note or e-mail to either the chair or the committee clerk.

A total of three hours has been scheduled to consider the estimates of the Ministry of Infrastructure. The scheduled end time of today's meeting is 6:30 p.m. With the concurrence of the committee I will call a five-minute break near the midpoint of the meeting; however, the three-hour clock will continue to run. Does anyone oppose having the break? Seeing none, then we will probably call a break at the midpoint.

Ministry officials may be present and at the direction of the minister may address the committee. Ministry officials seated in the gallery, if called upon, have access to a microphone in the gallery area. Pages are available to deliver notes or other materials between the gallery and the table. Attendees in the gallery may not approach the table. Opposition caucus staff may sit at the table to assist their members; however, members have priority to sit at the table at all times.

If debate is exhausted prior to three hours, the ministry's estimates are deemed to have been considered for the time allotted in the schedule, and the committee will adjourn. Points of order will be dealt with as they arise, and the meeting clock will continue to run. However, the timer for the speaking block will be paused during points of order.

Any written material provided in response to questions raised during the main estimates should be tabled by the minister in the Assembly for the benefit of all members.

The vote on the estimates and any amendments will occur in Committee of Supply on November 19, 2019. Amendments must be in writing and approved by Parliamentary Counsel prior to the meeting at which they are to be moved. The original amendment is to be deposited with the committee clerk, and 20 copies of the amendment must be provided at the meeting for committee members and staff.

I now invite the Minister of Infrastructure to begin with his opening remarks. You have 10 minutes, Minister.

Mr. Panda: Thank you, Mr. Chair. I'm pleased to present Alberta's Infrastructure estimates for 2019-20. I already introduced my colleagues at this table, Deputy Minister Shannon Flint and three of our ADMs here and also our senior financial officer assisting me. There are other representatives from the ministry. When I need them, they'll come up and speak.

We all know that these are challenging times in Alberta. Budget 2019 is a balanced plan to create jobs, grow the economy, and protect vital services. The capital plan in Budget 2019 maintains spending on fiscally responsible infrastructure projects while also slowly bringing Alberta's capital spending in line with other provinces. My department, Alberta Infrastructure, is doing its part to ensure public infrastructure meets Albertans' needs in a cost-effective and efficient manner while recognizing Alberta's economic realities.

We are committed to making investments in infrastructure that improve Albertans' quality of life and keep the province moving forward with its economic recovery. Smart investments ensure we are providing infrastructure in cost-effective, sustainable ways,

making certain that Alberta taxpayers receive best value. One way we are doing that is by looking at alternative financing and delivery methods to build infrastructure, including pursuing public-private partnerships to achieve further savings.

In fact, earlier this month we announced that the Alberta government is developing the business case to move forward with P3s to deliver five new schools approved in the 2019 capital plan. The government anticipates the business case will demonstrate that these school projects are suitable for P3 delivery, after which the next step will be issuing a request for qualifications to industry in spring 2020. When we make strategic and innovative investments in our province's infrastructure, it's a direct investment in building a stronger Alberta.

I would like to take a minute to provide an overview of Alberta Infrastructure. Infrastructure leads our government's efforts to design, build, renew, and maintain infrastructure throughout the province that meets the needs of our current and future population. The ministry manages the delivery of new construction and major modernization projects for Health, Education, and government-owned facilities.

However, Alberta Infrastructure is more than about building new. It's also about renovating, modernizing, and revitalizing projects to maintain and modernize existing government infrastructure. Infrastructure owns, leases, and provides property management for approximately 1,800 structures, totalling over 2.8 million square metres of space with a \$12 billion replacement value of owned assets.

The ministry has been making continuous efforts to increase the effective use of space as well as disposition of assets. By maximizing space utilization and disposition of inefficient and obsolete assets, we are cutting costs to taxpayers.

We also administer the federal government's investing in Canada infrastructure program, which provides Alberta with over \$3 billion over the next 10 years. Government will use federal infrastructure funding from the investing in Canada infrastructure program to more effectively manage costs and support the most critical and current needs.

The ministry will also undertake a number of key government initiatives. These include that Infrastructure has been mandated to pass the Alberta infrastructure act. The new Alberta infrastructure act will outline how the government will prioritize and report on capital spending. This will include the commitment to publish an annual Alberta infrastructure report as well as a 20-year strategic capital plan.

3:40

A strong governance framework allows for the methodical approach to carefully consider the addition of future projects to the capital plan and their value to Albertans. These initiatives will increase transparency to help Albertans better understand the capital planning process and how taxpayers' money is spent. My department has defined clear goals that make this province a leader in providing and managing innovative, high-quality, sustainable facilities.

Our efforts are guided by Infrastructure's 2019-2023 business plan and its two desired outcomes. We are supported through Infrastructure's 2019-2020 voted estimates, totalling over \$1.8 billion. The first outcome is mainly supported by the capital investment vote, which makes up the majority, about \$1.3 billion of Infrastructure's 2019-2020 voted estimates. The outcome is as follows: innovative, adaptive, and responsible infrastructure solutions that meet current and future provincial needs. This reflects Infrastructure's role in the planning, design, and construction of public facilities in a timely and cost-effective manner. This includes working with partner ministries and stakeholders such as school

boards and Alberta Health Services to ensure that families and communities have access to the modern, efficient facilities they need.

Of the \$1.3 billion in our capital investment budget, approximately \$500 million is going towards the construction of health facility capital projects. Some of these health facility projects include the Stollery children's hospital critical care program; the Grande Prairie regional hospital; the Calgary cancer centre; the Fort McMurray residential facility-based care centre, Willow Square; and the Norwood continuing care redevelopment. It also includes \$97 million for health capital maintenance and renewal.

The construction of school facilities in 2019-2020 will cost nearly \$520 million. This includes 30 schools that are in the planning, design, or tendered phase, 11 schools in the construction phase that are expected to open by the end of 2019, and 20 schools in construction that are expected to open by the end of 2020 and beyond.

Construction of government facilities in 2019-2020, including \$13.7 million for the courthouse renewal program, will cost \$46.2 million. We are investing in a new Red Deer justice centre to address the shortage of courthouses. This courthouse will serve Red Deer and central Alberta.

We will use the best procurement options available to deliver on critical infrastructure projects. This includes looking at alternative financing and delivery methods and pursuing public-private partnerships when there is a solid business case and value for money can be achieved for taxpayers. Public-private partnerships have been used successfully to deliver schools and roads in Alberta, and we believe they will play an important role in delivering projects in scope and on time and on budget.

Taking a look now at Infrastructure's 2019-2020 expense vote, which is at \$484 million, it mainly supports desired outcome 2 of our business plan, and the outcome is that "Alberta's public infrastructure is effectively managed and sustainable." The expense budget includes funding for day-to-day operations of about 1,800 government-owned and -managed buildings and properties, management of leased space to meet government program needs, and staffing to support these activities. It also provides funding for ongoing capital planning activities in support of the capital plan. The nature of Infrastructure's business results in over 80 per cent of its total operating expense being made up of contractual commitments, mostly in the form of lease obligations, utilities, and property management contracts. This cost structure makes short-term spending reductions difficult. However, a decrease is still reflected in our expense vote. The operating expense budget for supporting operations and capital project delivery is \$460 million, a decrease of about \$28 million, or 5.7 per cent, from the 2018-19 actual.

The Chair: Thank you, Minister.

That concludes our 10-minute opening remarks from the minister. For the hour that follows, members of the Official Opposition and the minister may speak. The timer will be set for 20-minute intervals so that members are aware of the time. It will be a one-hour session.

I call on MLA Dang. You may proceed. Will you be going back and forth with the minister?

Mr. Dang: Yes, if the minister would like.

The Chair: Combined time. Okay.

Mr. Dang: Perfect. Thank you.

Thank you, Minister, for coming today. I really appreciate your time and your officials' time here. I want to be clear up front. We don't have a lot of time today, so I may ask questions, and if I'm

not getting an answer or I feel that an answer is taking too long, I might cut you off and ask that it be continued in writing if that's okay.

I'm going to get started right away here, just because you brought it up already and we just saw the release today, on P3 schools. You've announced that five schools will be public-private partnerships or that you're exploring a public-private partnership for five schools. Now, we note in the capital plan, of course, that there's I believe \$328 million over four years committed for new school builds. I'm only talking about the new ones that you guys are announcing, not the ones that were previously committed to. How much are you expecting the private investment to be for each of these schools? If you could break it out by school.

Mr. Panda: It is to be determined. At this stage we are looking at each project based on its own merit. If the business case determines the value of money there, then we'll add those projects to the P3 list.

Mr. Dang: To be clear, you're not actually sure right now how much you'd have to borrow for a P3 to get these schools built?

Mr. Panda: Not right now.

Mr. Dang: Okay. In that case, the other 20 new or modernized projects: are those intended to be fully publicly funded right now or publicly borrowed?

Mr. Panda: Out of the 25 new schools announced, five we determined are suitable for P3 at this stage. The other 20 we're going to look at case by case, depending on the phase of the projects. If they're in the early planning and design phase, probably they're not suitable. If they're already funded for design, we have to look at the business case.

Mr. Dang: So to move forward a little bit here, to be clear, there are 25 new or modernized projects that you're proposing with the \$328 million – we know exactly how much money you're asking for – and you can't tell me how much money you're asking to borrow, whether it's public or private, how much you'd have to borrow to finish all these 25 projects?

Mr. Panda: Yeah. As I said before, we are looking at each project based on its business case and value for money. Once we determine there is value for money, then we'll add that to the P3 list. Then we know how much the private partner is going to finance. Right now I can't tell you.

Mr. Dang: Okay. So you don't know how much you want to borrow over the next several years. That's concerning.

Let's move on to another line item in your budget here. It's P3 loan repayments. I'm sorry; I don't have the exact line number on me here, but I note that you have an increase in the estimate, from \$806 million to \$829 million, for loan repayments for P3s. That's an increase of \$23 million. Can you explain to me why the loan repayment amount is increasing and how much more you expect it to increase due to your experiment with P3s and other projects?

Mr. Panda: The \$23 million increase from the 2018-19 actual to the 2019-20 estimate reflects the annual principal repayment as outlined in the capital repayment schedule for this project.

Mr. Dang: How much more would you expect it to go up because of your increases in other P3 projects you're going to be doing?

Mr. Panda: We have to review the business case of each project before we determine how much it will . . .

Mr. Dang: So you announced that you're going to be doing P3s without already knowing how much this is going to cost taxpayers?

Mr. Panda: Here is what we told 4 and a half million Albertans on our campaign commitment.

Mr. Dang: I'm not concerned about the campaign.

Mr. Panda: We're trying to keep our promise to Albertans.

Mr. Dang: Today you announced you'd do five P3s without knowing how much those five P3s would cost.

3:50

Mr. Panda: Yeah. The project goes through different phases. You can't just ask me today because I announced P3s. I have to review the business cases.

Mr. Dang: Okay. Sure. Let's move on, then.

I want to change gears a little bit to health care. We know that it was, in your words, a campaign commitment to cancel the Edmonton clinical laboratory hub. I note that, of course, in this year there's still \$6 million committed. How much are we paying in termination fees due to your cancelling the project? In other words, how many penalties is the government going to end up paying at the end of all this?

Mr. Panda: We have yet to start negotiations with the contractor. There is still work to be done to reinstate the site to the normal condition. We had to negotiate with the contractor on how much it costs.

Mr. Dang: So there's no budgeted amount for penalties that will have to be paid?

Mr. Panda: It depends on how much your government has already spent.

Mr. Dang: But because you cancelled the contracts, there are termination penalties built into those contracts.

Mr. Panda: It will be a negotiated settlement amount to be determined.

Mr. Dang: Do you know when you'll be able to return with that information?

Mr. Panda: We are in negotiations with the contractor, first, to reinstate the site, and then we will negotiate on the termination costs.

Mr. Dang: Okay. Fine. Let's move forward then. Back to schools again. Sorry, Minister. I'm jumping back and forth a little bit, a little bit of train of thought here. I noted that when the Minister of Education announced the two high schools in Edmonton – the southeast high school and the Heritage Valley high school, a Catholic school in my area – it was only design funding. How much more funding is required to complete the builds?

Mr. Panda: I don't know at this stage, but we know the range for elementary schools, middle schools, and high schools. We can provide you the range, based on past experience. At this stage we don't know. It could be approximately \$80 million to \$100 million.

Mr. Dang: Okay. So you funded the design publicly right now. Would you be looking at potentially making those P3s as well, or are you committed to public funding for those schools?

Mr. Panda: That's to be determined.

Mr. Dang: Okay.

Mr. Panda: But we'll get those schools built. I can guarantee you that.

Mr. Dang: I have a question about some of the logistics of that, then. You might remember a few years ago the P3 in my riding, Johnny Bright school, for example. I'm sure the officials remember. There was quite a bit of media around how there were a lot of mud pits, basically, that kids were having to walk through and how P3s had contributed to not having safe spaces for students to learn in. How is your ministry going to ensure that that doesn't happen with future P3 contracts?

Mr. Panda: Yeah. We'll look at those cases and find out what went wrong, and we'll ensure that those mistakes are not repeated in the new projects. We will also ensure that there will be safe spaces for students.

Mr. Dang: Okay. Sure.

Moving on to light rail transit, of course, in the capital plan the light rail transit funding for Calgary and Edmonton has been delayed a number of years now. In fact, the deal with Edmonton, as you know, hasn't even been struck yet. How much of a delay in construction does your department anticipate this will cause?

Mr. Panda: From an Infrastructure point of view, I have the overarching policy-level oversight on these projects, but Transportation is actually responsible for it.

Mr. Dang: Sure. We'll take that back to Transportation, then.

Now, of course, funding for these projects goes through your ministry, so I want to look at the Red Deer hospital, which has been completely removed from the capital plan as well. Could you explain why?

Mr. Panda: We are committed to adopting the previous NDP government's capital plan for 2019-23, but we have another budget coming in four months – right? – so we are looking at the capital plan of every project. Budget 2019 actually includes \$1 million in funding for planning for the Red Deer hospital in that region. There's \$1 million in funding for planning for health needs in the Red Deer region.

Mr. Dang: But it's a significant reduction from having a hospital there – right? – \$1 million for planning a potential site that may or may not be a hospital. Could you explain why your government didn't think that it was a priority to build a hospital in Red Deer?

Mr. Panda: It is a priority for us, but as you know, these projects have different phases, like planning and business needs and clinical services. So it takes time.

Mr. Dang: Okay. Let's move on to a different hospital. I believe that just yesterday, actually, your MLA for Whitecourt asked a question about a hospital in his riding. Can you explain why there is no hospital in Whitecourt, then?

Mr. Panda: That question would be better directed to the Minister of Health. I mean, for example, for health facilities, the Ministry of Health determines their priorities. When they ask me to build, I

build. The same thing with schools. You know, the Ministry of Education decides their school priorities. Once they approve schools, then my job is to build them.

Mr. Dang: All right. But, I mean, it is your job to build and fund these projects, right?

Mr. Panda: Right. They give me the budget to build.

Mr. Dang: So you don't know how much things are going to cost before other departments tell you. Is that what you just told me?

Mr. Panda: I don't know which projects they want us to build unless they approve those projects and give us that list of infrastructure . . .

Mr. Dang: Okay. Let's move on. I want to talk about IMP, the infrastructure maintenance program, for postsecondary institutions. I know you're going to say, "Go to Advanced Ed," but I want to ask you: does your department know how much money you're expecting to save over your four-year capital plan by not investing in deferred maintenance in postsecondary?

Mr. Panda: Currently the postsecondary institutions and Advanced Education are responsible for that. They're not part of my . . .

Mr. Dang: Well, IMP is in the capital plan under your ministry, is it not? I believe it's under capital maintenance and renewal, right?

Mr. Panda: Yeah. Only government-owned assets.

Mr. Dang: Okay. I did ask the Advanced Education minister, and he was unable to provide a number. I believe he referred me to you. Do you know what the combined liability of deferred maintenance of individual postsecondary institutions would be or as a province-wide number?

Mr. Panda: He asked you to check with me?

Mr. Dang: Yeah, I believe so, because he was unable to provide that number. So we came here.

Mr. Panda: At this stage I don't have that, but . . .

Mr. Dang: Would you be able to table or . . .

Mr. Panda: I will commit to get that information.

Mr. Dang: Perfect. Thank you.

To be clear, it's by institution, deferred maintenance liability, and the province-wide list as well.

Mr. Panda: Yeah.

Mr. Dang: I want to move on, then, to some of the other projects that are going to be in the Edmonton area. For example, the 50th Street overpass: I see that it's been moved on several years here. Can you explain why there's a delay in that and when it will get built?

Mr. Panda: Sorry. Which one is that, again?

Mr. Dang: The 50th Street overpass in Edmonton. It's in the fiscal plan on page 136. Under City of Edmonton, 50th Street there's \$14 million budgeted in 2022-23. It's quite a ways out. Why is it being delayed, and are we still counting on other money coming through for that?

Mr. Panda: Member Dang, at this time I don't have that information. I'd have to check with Transportation on that.

Mr. Dang: Okay. Sure. We'll bring that back.

You said that deferred maintenance and capital maintenance renewal are only for government-owned buildings, so buildings that your department administers. Do you have a number for what the liability for deferred maintenance is in those buildings?

Ms Issik: Point of order, Mr. Chair.

The Chair: Point of order is noted.

Ms Issik: I believe that when we're asking questions, it's appropriate to actually mention the page in the budget, the line item number, et cetera. I think that might be helpful at this point.

The Chair: Yeah.

Are you wanting to speak?

Mr. Bilous: Well, sure. I mean, yeah, if we have it, that's great, but the member can ask the minister to tell us what the line item is for specific programs and where it is in the budget. There is nowhere in the standing orders that claims that members have to reference a page number. As long as it's to do with the budget moving forward, it is in order.

The Chair: Yeah. I rule that there is no point of order here. I would encourage, for smooth discussion going forward, that if you have page numbers and line items, it's helpful to allow the minister and his staff to be able to answer the questions in an appropriate manner.

We'll proceed. MLA Dang, you may continue.

4:00

Mr. Dang: Thank you, Mr. Chair. On page 134 of the capital plan under government-owned facilities over four years there's \$289 million budgeted for capital maintenance and renewal there. Do you know what the combined deferred maintenance liability will be for the province of Alberta for government-owned buildings?

Mr. Panda: Let me get my ADM to answer that.

Mr. Ridge: Andy Ridge, Infrastructure. If the question is just government-owned facilities, the estimated current deferred maintenance is approximately \$400 million.

Mr. Dang: Okay. We're off the mark by quite a bit here, then. We're only \$289 million budgeted. When do you expect to address the rest of the deferred maintenance?

Mr. Panda: Based on certain criteria, like safety and health and other factors, we'll determine which projects we have to invest in the maintenance and renewal. If they were really urgent, probably they would have been in this budget, but we are actually looking at our asset management strategy. We're working on that, and then we'll share that soon. These are only the provincial assets, not the municipal assets.

Mr. Dang: Yeah. So for provincial assets, I note that – I don't have the line item. Sorry. Realty service is increasing a little bit in this budget as well. Does that mean you're going to be investing in more realty or assets? Is that correct?

Mr. Panda: I mean, it is common. Even your government has looked at surplus assets that are nonperforming or are not utilized. It's an ongoing process. We'll continue to look at assets that are not delivering value for Albertans. We'll put them on the market.

Mr. Dang: Are you going to be consolidating offices to address that?

Mr. Panda: Yeah.

Mr. Dang: Do you have an idea of where in the province those consolidations will happen?

Mr. Panda: Right here in Edmonton to start with because this is where we are. Then the next biggest location for us is Calgary.

Mr. Dang: Okay. You're not looking at changes to provincial buildings in rural areas or other municipalities at this time?

Mr. Panda: We're looking at everyone, but when you said where the volumes are, that's mostly in Edmonton and Calgary.

Mr. Dang: Okay. That means that you're likely to reduce the number of buildings the government will have to administer is the goal.

Mr. Panda: We're trying to consolidate the space to save money for Albertans.

Mr. Dang: Okay. And consolidating by closing offices and moving people into smaller spaces? Is that right?

Mr. Panda: Not smaller spaces but more efficient and more modern, you know, modular spaces.

Mr. Dang: Could you give an example of one of those spaces you may close?

Mr. Panda: When I toured our own department's building in Edmonton, they showed me a pilot project back then, six months ago. If you'd like to tour, I'll be happy to organize that.

Mr. Dang: So you're thinking that some of your own buildings that your staff are in . . .

Mr. Panda: We started with that.

Mr. Dang: . . . might be closing is what you're going to be doing. Okay. Thank you.

I want to go back to the Edmonton clinical lab services and the penalties there. I know you said that you're in the process of negotiating a settlement and your department is negotiating those with the contractors. Have you budgeted an amount for that negotiation? Like, how much are you paying whoever we may need to hire to do that settlement negotiation?

Mr. Panda: It's still to be negotiated, but the cancellation costs generally include site restoration, and they're also included in the budget in the expense vote. Any costs incurred after the project cancellation do not result in creation of the capital asset. The cost must be expensed. Having said that, I don't have the exact number.

Mr. Dang: You can't explain how much we're going to be paying for these penalties or to negotiate the penalties even?

Mr. Panda: I can't indicate that now without completing the negotiations.

Mr. Dang: Okay. That means that you don't even know how much we've already paid for negotiations.

Mr. Panda: We know how much we already paid.

Mr. Dang: How much have we already paid?

Mr. Panda: When you say how much we have paid, that's based on the progress of the work they have done, not as cancellation charges. Termination charges are different.

Mr. Dang: Okay.

Mr. Panda: We've incurred \$23 million as of now.

Mr. Dang: Sorry. Since you've cancelled it, you've incurred \$23 million?

Mr. Panda: No, no. That \$23 million was incurred during your time.

Mr. Dang: Right. For the negotiations of the termination settlements how much has been incurred?

Mr. Panda: Negligible because that money has to be determined yet. Both of the parties have to sit together and negotiate.

Mr. Dang: Okay. So you haven't budgeted any money for the termination in your plan even though you know there will be significant monies for terminations moving forward?

Mr. Panda: I can repeat what I said, that we know we owe them something but that amount has to be determined.

Mr. Dang: Right. Do you know in the neighbourhood? Is it tens of millions, hundreds of millions?

Mr. Panda: Compared to the savings Albertans gained after cancelling that project, \$600 million, these termination charges are very minimal.

Mr. Dang: Will the termination charges be in the tens or hundreds of millions?

Mr. Panda: I'm not going to negotiate here. Then the contractor will use that.

Mr. Stephan: Point or order.

The Chair: Point of order noted. We'll stop the clock.
MLA Stephan, go ahead.

Mr. Stephan: The member is asking the minister to disclose information that would be prejudicial to the public interest and to taxpayers.

The Chair: Any defence?

Mr. Bilous: Yeah. This isn't a point of order. What he's trying to ask is not to disclose sums that he doesn't know yet because he hasn't negotiated; it's which line item. Is there a sum or budgeted dollars, an amount, not a specific amount, but where in your budget if you're anticipating there will be a penalty, where does it show up in your – how are you budgeting for it? I guarantee the department has this budgeted. Which line item is it in, and how much is budgeted currently?

The Chair: Okay. You know, we won't accept this as a point of order. There is concern on repetition, though, and going forward, it is important to be able to accept the minister's answer.

Mr. Dang: Yeah. Sorry. I think perhaps we were being unclear. I think he has an answer now. Maybe my colleague has helped me a little bit.

The Chair: Yes. Thank you, MLA Dang.

I do not find a point of order here, but I will encourage that each of us needs to recognize that repetition can cause disorder, so we've got to move forward in a way that's respectful of all parties.

We can start the time again. MLA Dang, you may proceed.

Mr. Dang: Sorry. Did you have the number now?

Mr. Panda: Line 3.1.

Mr. Dang: Line 3.1. Okay.

Mr. Panda: Page 138, property operations.

Mr. Dang: Under 3.1. Okay.

I want to move to a different health facility, the Edmonton south hospital, which your government has delayed until 2030, I believe. Is that correct? It's delayed until 2030, which means you've pushed the money out past the four years, so we can't see it in this capital plan now, right? What's the expected total cost of the hospital still going to be? It's on page 135. The Edmonton hospital is about a third of the way down the page of the capital plan, so the fiscal plan.

Mr. Panda: Yeah. Working with Alberta Health Services, they define the health needs in the Edmonton area, as you know, and that's why that hospital is slightly being delayed.

Mr. Dang: Right. So what's the total cost you're expecting now?

Mr. Panda: The capital planning includes funding of \$238 million over the next four years. In the meantime they will do this planning, clinical needs, and all that process they have to go through. Then they'll determine the project cost.

Mr. Dang: Right. So if you know that it's going to be finished in 2030, do you know: now that planning has been delayed, do you still know a ballpark of what the total cost of the project will be?

Mr. Panda: We know the budget, so then we had to invite the bids to get the exact amount of what the . . .

Mr. Dang: Right. Yeah. How much are you budgeting? As you've spoken to already, you're going to be presenting a 20-year plan.

Mr. Panda: We've budgeted now \$238 million for the next four years.

Mr. Dang: Right. But a hospital costs in the billions of dollars.

Mr. Panda: Right. So in the meantime, in the other three years, then we will budget for it.

Mr. Dang: You're not going to show how much you expect that to cost?

Mr. Panda: That will come in that 20-year . . .

Mr. Dang: Okay. Are you going to be building it as a public facility or as a public-private partnership?

4:10

Mr. Panda: If there is a business case for public-private partnerships, if there is value for money, then we will build it as a P3.

Mr. Dang: What criteria would you require for it to be a business case for that, then?

Mr. Panda: When I say business case and value for money, we consider the benefits like how fast we can build, what's the long-term warranty we get, and other factors like that.

Mr. Dang: So you're not considering things like . . .

Mr. Panda: Finances and . . .

Mr. Dang: Health outcomes, then, are not a factor?

Mr. Panda: Also, yeah.

Mr. Dang: I mean, I point to other public-private partnerships.

Mr. Panda: Health outcomes are really important. That's why we include the innovation in the early design phase to . . .

Mr. Dang: Right. Your design funding: are you expecting to have a public-private partnership, or are you expecting to make it fully public? Is that . . .

Mr. Panda: In the design funding?

Mr. Dang: Yeah.

Mr. Panda: Help me understand this better.

Mr. Dang: Sorry. Are you anticipating to design this with a public-private partner? So are you intending to P3 this, or are you intending to fund it fully as publicly once the design is complete?

Mr. Panda: Once the design is complete . . .

Mr. Dang: Because that will affect how you design the hospital, right?

Mr. Panda: Right. Our thinking is still P3.

Mr. Dang: Okay. So you are thinking P3 for the hospital.

Mr. Panda: If there is a business case, yeah.

Mr. Dang: Okay.

Mr. Panda: It is to be determined.

Mr. Dang: Okay. To be clear, though, you intend to move forward with a P3 if you're able to?

Mr. Panda: Yes. We will not rule out P3 at this stage.

Mr. Dang: Okay. Thank you.

Sorry. I've got to pull up my question sheets here. I want to move over to the other book here, and I want to look at line 2.1, government facilities infrastructure, on page 138. I've noted that it's up a little bit. Can you explain what those changes are going to be in terms of just how the infrastructure funding breaks down for that?

Mr. Panda: Page 138?

Mr. Dang: Yeah.

Mr. Panda: So \$8.5 million under expenditures: from the 2018-19 budget to 2018-19 actual it's \$8.5 million underspent.

Mr. Dang: Yeah. Then you're going to go up a nominal amount in the next year, right?

Mr. Panda: Right. That was primarily due to the reallocation of staff on associated budgets to project procurement, standards, and technical services to support the ministry during 2018-19 reorganization.

Mr. Dang: When you say reorganization or reallocation of staff, does that mean that other ministries took on some of those responsibilities, or were there reductions in staff? How was that explained?

Mr. Panda: That's all internal reorganization.

Mr. Dang: Okay. Because that's quite a significant amount for internal reorganization.

Mr. Panda: The nature of our department, which manages capital projects, major projects – based on the progress of the projects or the cancellation of projects, we had to reorganize the teams, so internally people are moved. For example, the hospital team or the lab team: you know, there will be changes, right?

Mr. Dang: Right. Okay. Could you point me in your budget? I know the Education minister has spoken at length about how there's 1 point whatever billion dollars funded totally for school projects moving forward. Could you break out for me – am I correct in saying that that \$382 million over four years is the only portion you're actually funding? Everything else is previous commitments?

Mr. Panda: So almost \$400 million . . .

Mr. Dang: Sorry; \$328 million. I had the wrong number here. On page 136 of the capital plan your Education minister has been touting in the public here the number \$1.8 billion or whatever for school projects, but am I correct in saying that only \$328 million of that is new projects that you've announced or your government has announced?

Mr. Panda: It's almost \$400 million . . .

Mr. Dang: Over five years, though, right? Is that . . .

Mr. Panda: . . . for the 25 schools we talked about.

Mr. Dang: Right. But that would be over five years. One of those won't show up in this budget. Is that correct? I guess the question is that the Minister of Education has been saying that you're doing over a billion dollars in school construction projects.

Mr. Panda: Yeah.

Mr. Dang: Yeah. Of course. I accept that you are doing over a billion dollars, 1 and a half billion dollars, whatever it is.

Mr. Panda: Right.

Mr. Dang: So you're saying that only \$400 million of that is things you've announced. Everything else is previous announcements.

Mr. Panda: Four hundred million for now.

Mr. Dang: Right. So in this capital plan your government is only announcing \$400 million in new projects.

Mr. Panda: For the schools portion.

Mr. Dang: Yeah, for schools. Sorry. Yeah.

Mr. Panda: Right.

Mr. Dang: Okay. Thank you very much. I will take that.

I want to look at P3 ring road rehabilitation, on the same page in the capital plan, page 136. P3 ring road rehabilitation goes down over the next couple of years from \$9 million to \$6 million. Could you explain what that line item covers?

Mr. Panda: For that, we have to check with Transportation.

Mr. Dang: Okay.

Mr. Panda: P3 ring road rehabilitation?

Mr. Dang: Yeah. Your ministry doesn't have anything to do with that, then?

Mr. Panda: Right.

Mr. Dang: Okay. I have a question about some postsecondary buildings that your ministry will be funding, then. Are you aware of whether the MacKimmie Complex in the University of Calgary is currently on time and on budget?

Mr. Panda: They're managing it themselves, postsecondary, Advanced Education.

Mr. Dang: Advanced Ed would have the answers to that, then? Okay. Funding for that building is \$187 million – right? – in your capital plan over three years.

Mr. Panda: Which page?

Mr. Dang: Page 138 of the capital plan.

Mr. Panda: Page 138?

Mr. Dang: Yeah. In the capital plan the MacKimmie Complex at the U of C is \$187 million, and Infrastructure doesn't even know if they're on time or on budget? Is that what we're hearing?

Mr. Panda: It's not in our budget. It's Advanced Education's budget.

Mr. Dang: Okay. Then you're going to say the same thing for dent-pharm at the U of A, I assume, the Dentistry/Pharmacy building, two lines up?

Mr. Panda: Right.

Mr. Dang: Okay. I think I'm going to give a little bit of my time to my colleague Jon Carson here if that's okay, Mr. Chair.

The Chair: MLA Carson, there are about 11 minutes in this speaking block.

Mr. Carson: Wonderful. Thank you very much. Just a couple of comments. I don't want to spend too much time on it, but earlier you discussed that under the P3 model you were looking to ensure that what happened at the Johnny Bright school doesn't happen in the future, where children were placed in unsafe conditions because contractors didn't hold up their end of the bargain, I suppose. You said that you were going to work to – I'm sorry; I don't know the exact quote – update the proceedings or the contracting negotiations to ensure that that doesn't happen again. First off, I'm just hoping that you would be willing to present to the House, to table in the

House, that matrix that you plan on using and how it will be better than what has been used before in our province.

Mr. Panda: What I said was that, like any other industry, we will look at the best practices, and we'll look at the lessons learned. We'll ensure that we won't repeat any mistakes that happened last time, and we will ensure that there are safe spaces for kids. That's what I said.

Mr. Carson: Well, thank you very much, Minister, but with all due respect, I mean, it's one thing for you to say that you'll ensure it doesn't happen again. If we had some concrete processes to ensure that that doesn't happen, that would mean a lot more to me.

Mr. Panda: Yeah. Sure.

Mr. Carson: So you'll table that updated P3 contract for us when it comes before you. Thank you very much.

Mr. Panda: What I would say is that we'll work with the school boards, who are our partners in that. We'll work with them, and we'll improve the process.

Mr. Carson: Okay. Earlier my colleague from Edmonton-South asked about the new laboratory centre cancellation. I guess you gave us a number, \$3.1 million. Now, looking at line item 3.1 under property operations, which is where you said that funding was coming from, it shows a cut of \$22 million going into the following budget. I'm just hoping to find out why, with the \$3.1 million increase that we're going to see because of the decision to cancel that project, we're still seeing a cut of \$22 million to that line item.

4:20

Mr. Panda: That is due to increased spending on building maintenance in 2018-19 – for example, building repairs, painting, patch repairs, and consultant investigations – and also the implementation of savings initiatives in 2019-2020.

Mr. Carson: Can you give me some examples?

Mr. Panda: As an example, reduced government space and hiring restraint and reduced costs as a result of solar energy procurement.

Mr. Carson: Okay. Thank you. That work to reduce space for government use has already begun. Could you give me some examples of space that you've already reduced?

Mr. Panda: I will get Andy Ridge to answer that.

Mr. Ridge: Yeah. One of the most recent examples is work at the J.G. O'Donoghue Building, where we took about 400 staff and we densified into new modern space to about 800. We also densified in, for example, Commerce Place, which is a leased facility, where we're increasing staff concentrations.

Mr. Carson: Thank you very much. Just on the same page, page 138 of government estimates, under Operating Expense line 2.2 shows health facilities infrastructure growing from \$2 million to \$4.4 million moving forward next year. Can you explain that increase?

Mr. Panda: There was about a \$2.4 million increase from the '18-19 actual to the '19-20 estimate. It's primarily due to the cancellation costs for the Edmonton clinical laboratory hub project. Any costs incurred after the project cancellation do not result in the creation of an asset, so that's why they're expensed.

Mr. Carson: Thank you. Just on that point for one moment about the laboratory services, what information did you get that made you decide that it wasn't the best investment for our dollars, and what is your plan moving forward, considering that we aren't moving forward on this important infrastructure, to replace the services that would have been offered in this facility?

Mr. Panda: That was our campaign commitment. As you know, we told Albertans that we would cancel that project. At the same time, we said that we would ensure that clinical laboratory services are . . .

Mr. Carson: Thank you. Considering the massive amount of money that you've saved – I suppose that is one word for it – where do we see the funding, moving forward, to address the issue of needing these lab services in our province in this year's budget or next year's budget? What line would I look at to see that?

Mr. Panda: We have to check that with the Health department.

Mr. Carson: Okay. You've made a decision to cut these essential services in our city to, once again, as you call it, save money, but you have no assurances for people in our province that we're actually going to be able to handle the critical infrastructure that is laboratory testing into the future. That's what you're saying to me.

Mr. Panda: No. The Health minister answered those questions in the House many times. He said that he will ensure that clinical services are delivered in the most efficient way.

Mr. Carson: If the Health minister was prepared or the ministry was prepared to move forward on implementing more of those services, that would be something that we would see in your budget. You're telling me that there are no dollars allocated for that in this budget.

Mr. Panda: If the Health minister decides to build another clinical laboratory, then you would see that in my budget.

Mr. Carson: Unfortunately, we've made a decision to cut these important services, with no plan to replace them in the very near future. That's very unfortunate. But I digress.

Looking still on page 138 at line 2.3, it shows a decrease to school facilities infrastructure from \$2.1 million to \$1.8 million. Can you explain why that funding was decreased?

Mr. Panda: Is it line 2.3?

Mr. Carson: Yes, line item 2.3.

Mr. Panda: Okay. There was \$148,000 underspent from the 2018-19 budget to the actual. It was primarily due to staffing vacancies and reductions in discretionary spending. Then there was a decrease of \$289,000 from the '18-19 actual to the '19-20 estimate. That's primarily due to the implementation of saving initiatives like a reduction in supplies and services and hiring restraint.

Mr. Carson: Can you explain some of the reductions in supplies that have found you this massive amount of saving that you just explained?

Mr. Panda: So your question is: how much did we save by reducing the supplies?

Mr. Carson: I'm asking: what is being cut from school facility infrastructure investments to make up this money?

Mr. Panda: Just give me a second here.

Mr. Carson: No problem. I suppose you could just explain to me a few examples of what exactly is included in school facilities infrastructure. Are we talking about maintenance and renewal for, say, pipes in the school and replacement of water fountains? Would those be examples of money that would be found in there?

Mr. Panda: Let me answer your first question. The reduction of supplies and services was \$166,000, to be precise.

Mr. Carson: Okay. And where were those dollars found?

Mr. Panda: Where were these dollars found, the \$166,000?

Mr. Carson: Yes. What did you reduce to find that \$166,000?

Mr. Panda: We might have saved some money from the consulting contracts and our travel budget.

Mr. Carson: Okay. Thank you.

Now to the second part of my question. My examples that I provided for school facilities infrastructure, talking about pipes, talking about water fountains: what exactly is in that line item?

Mr. Panda: Which line item are you referring to?

Mr. Carson: The same one that we've been on here for the last three minutes, line 2.3, school facilities infrastructure.

Mr. Panda: Okay. That's \$1.8 million for planning, design, and delivery of school facility capital projects in partnership with Education and school boards. It also assists postsecondary infrastructure programs. Those responsibilities include supporting the planning, delivery, and maintenance of school facilities in postsecondary institutions. It includes funding for manpower and supplies and services to support project delivery.

Mr. Carson: Can you give me an example of supplies and services that help the delivery of those infrastructure programs?

Ms Flint: Supplies and services would be things like pens, pencils, paper.

Mr. Panda: Toilet paper.

Ms Flint: It could be computers, things that we need to do sort of our everyday jobs.

Mr. Carson: Okay. Now, could you repeat the savings? You said \$166,000 in savings, and there was another number in there. Of course, the main reductions that we're seeing there: you talk about pens and pencils. Can you tell me how much we're planning to reduce in terms of what could be school supplies?

Mr. Panda: Again, the same line item?

Mr. Carson: Yes.

Mr. Panda: I'll get that information.

Mr. Carson: No problem. When we're talking about moving back to the point that I was making earlier, about things like water fountains, things like pipes and other maintenance that year to year needs to be maintained and renewed . . .

The Chair: That concludes that 20-minute block. You can continue on with another 20-minute block.

Mr. Carson: Where would I find that line item, where things like maintenance and renewal are done for schools?

Mr. Panda: That is not part of our budget.

Mr. Carson: So you don't give them any money for that programming?

Mr. Panda: Education has their own line item.

Mr. Carson: So you don't have a line item that gives money to the Education minister that is then provided to the school boards?

Mr. Panda: No, no. Education directly provides the maintenance and renewal program budget to the school boards.

Mr. Carson: Okay. Thank you very much.

Mr. Panda: We pay for the P3 schools that were built in the past.

Mr. Carson: You're still paying for those?

Mr. Panda: Right.

Mr. Carson: Okay. I would like to hand my time back over to Member Dang, please.

The Chair: That's fair.

MLA Dang, you may proceed.

Mr. Dang: Good. Thank you, Mr. Chair. I have a question. I'm still going with the Education stream. Sorry about that. This is actually a question that I asked in Education estimates just a couple of days ago, and I was referred to you by the Minister of Education. At the time I asked the Minister of Education: how much are these playgrounds that she's committed to and that you now have committed to going to be? How much are they each going to cost the government, these new builds?

4:30

Mr. Panda: First of all, I'm going to check with my colleagues the ministers of Education and postsecondary on why they're asking you to talk to me, or you're making it up. I don't know.

I don't know how much it costs, but we made the decision for the elementary schools. We'll ensure that they'll have . . .

Mr. Dang: There are two schools that you've announced, K to 6 or K to 9, I believe, that will have these playgrounds you've committed to. You're telling me that neither of the two ministers, Education or Infrastructure, can tell me how much a playground costs?

Mr. Panda: How much a playground costs? I don't have the information.

Mr. Dang: Now, this government has committed to funding two new playgrounds for these schools, and nobody that is responsible for building these playgrounds can tell me how much they cost. Perhaps you can get back in writing, then, if that's a little bit more convenient for you, Minister.

Mr. Panda: I'm told it is \$250,000 for a playground.

Mr. Dang: That's how much you're funding per playground in this new . . .

Mr. Panda: Yeah. If you look at page 136 of the capital plan, under renewing educational infrastructure, you'll find that line item, playgrounds.

Mr. Dang: Sorry, Minister, but the Minister of Education told me that's not where the new playgrounds are. The Minister of Education – I have it in *Hansard* here, actually; I have it open – told me that the new playgrounds are under the line item school capital projects 2019-24 and that you would be able to tell me how much they cost.

Mr. Panda: I told you: approximately \$250,000 per playground.

Mr. Dang: Right. Okay. Perhaps I'll take that back, then. I don't think that's going to be enough to build a playground, Minister. I think most playgrounds cost at least half a million dollars, if not more. If you're only budgeting \$250,000 per playground, how do you expect to fulfill your commitment you just made in public?

Mr. Panda: Well, just to budget as we need it.

Mr. Dang: Okay. So we may be voting on a number that will have to receive supplementary supply, and you're telling us that today, months before . . .

Mr. Panda: Do you support the playgrounds?

Mr. Dang: I'm just trying to figure out if you know how much money . . .

Mr. Panda: Obviously, you'll vote, whether it is \$250,000 . . .

Mr. Dang: I'm just trying to figure out if you know how much you're spending.

Mr. Panda: I do. I do. If you want me to break it down on the playground and on the trees I'm going to plant there . . .

Mr. Dang: Could you perhaps provide in writing how much your department expects the playgrounds to cost?

Mr. Panda: Later on, yes.

Mr. Dang: Sure. Let's move forward with that, then. Thank you.

In that case, I think it's important that we go back to, again, some of those postsecondary questions, then. I know you said that I have to go to the Minister of Advanced Education, but does your ministry not monitor the status of these projects? Does your ministry monitor the status and check that the money is going out in appropriate . . .

Mr. Panda: We provide them with technical standards and supervision and all that, yes, and we monitor the status.

Mr. Dang: You monitor the status. Could you tell me if these projects are on time? The MacKimmie complex, for example, I believe is more than 80 per cent complete at this point. Is it on time and on budget? Does your department know? Are you doing your job in monitoring it, I guess?

Mr. Panda: Yeah, as far as I know. I toured two of them, the U of C one and Mount Royal. Both are on time.

Mr. Dang: So they're both on time.

Then dentistry and pharmacy at the University of Alberta is also on time and moving forward?

Mr. Panda: That's my understanding.

Mr. Dang: Okay. I notice in the capital plan here on page 138 there's a line item for \$30 million for the NAIT Blatchford land purchase. Can you update me on the status of that? I know that's a very complex piece. Even when the former government was in place . . .

Mr. Panda: Which page?

Mr. Dang: The Blatchford land purchase, the second item on page 138 of the fiscal plan. I know it's a very complicated piece of land and exchange, so I'm just trying to see what the status of that would be.

Mr. Panda: The NAIT Blatchford land purchase was budgeted as \$30 million in this year's estimates.

Mr. Dang: Right. Do you have the status of that negotiation and purchase? Is that moving forward? Perhaps one of your officials might have the answer to that.

Mr. Panda: Advanced Ed is leading that, not us.

Mr. Dang: Okay. You don't have any updates on the status or information around that?

Mr. Panda: Not at this stage, but we can always get that. Actually, that is tied to the sale of the Ralph Klein campus lands south of Ellerslie Road. There was a land swap, and then we're going to sell that land.

Mr. Dang: Yeah. I'm aware of that. I guess the question is: do you have an update on the status and what the progress on that looks like and if it will be completed this year, in this budget?

Mr. Panda: We listed that property.

Mr. Dang: So it's pending or currently awaiting a sale of some sort.

Mr. Panda: Yeah.

Mr. Dang: Okay. NAIT can expect some sort of deal as soon as you can sell that land: is that what I'm hearing?

Mr. Panda: At this time that is the plan.

Mr. Dang: Okay. Thank you very much. That's good to hear. I'm sure the guys over at Blatchford and NAIT will be very happy to hear that.

I want to see a little bit more about Red Deer here. I want to go back to the Red Deer justice centre, on page 137 of the fiscal plan. You can correct me if I'm wrong. I might be, Minister. You won't hear me say that too often in estimates. I believe that's actually a slight delay in the timeline – is that correct? – for the Red Deer justice centre, just based on the total dollars that are going out. So the courthouse in Red Deer . . .

Mr. Panda: Right. You're saying that the project is delayed.

Mr. Dang: Yeah, due to this funding timeline. Is that right, or is there something I'm missing here?

Mr. Panda: The completion date I have here is summer 2023.

Mr. Dang: Okay. The \$178 million over four years should be sufficient to build that for 2023: is that right?

Mr. Panda: Yeah.

Mr. Dang: Okay. I guess had the wrong information about that, then. Sorry about that.

I want to go back to some of your comments at the beginning, then. I know you had spoken about infrastructure priority lists and how you're trying to increase transparency. I know you said that your new act will bring forward – let me tell you, it's not every day that you see an Infrastructure minister bring a bill forward. That's pretty exciting stuff, I'm sure. Can you explain to me a bit how you're going to have the transparency in that? Like, what criteria are you going to use to prioritize projects? Education has their criteria for prioritizing projects. Advanced Ed has their criteria. What are you going to bring to the table?

Mr. Panda: We are currently developing that infrastructure act. That will strengthen the transparency and the predictability for how government makes its capital funding decisions. When we're talking about infrastructure, it's not just health facilities or schools. It's all infrastructure.

Mr. Dang: Of course. Yeah. How will you determine what projects make the list?

Mr. Panda: By consulting the stakeholders. We do the needs assessments of various projects and then rank them.

Mr. Dang: Will you disclose that list, then?

Mr. Panda: That's the plan.

Mr. Dang: Your plan is to disclose the list of infrastructure projects for a 20-year plan with your act.

Mr. Panda: Right. That would be long-term, evidence-based planning in that 20-year strategy so that future governments can budget for them in the out-years.

Mr. Dang: Right. You'd be able to say, "We're going to fund Grande Prairie hospital but not Whitecourt hospital," or example projects, whatever – right? – projects like that. You'd have that all out in a 20-year list, in theory.

Mr. Panda: Yeah. That will outline the government's prioritization criteria, which include some of the factors – you asked me about how we prioritize – of health, safety and compliance, strategic alignment, economic impacts, improved program delivery and services, life cycle costs, return on investment, and resilient communities. Those are the factors we'll consider to build that 20-year strategic plan.

Mr. Dang: Okay. Sure.

I want to shift gears back into education. Sorry to keep you guys all over the place. I'm sure your deputy ministers like being on their feet. But back to education. I know you had told my colleague here that the majority or all of the capital maintenance and renewal is administered by the Education department. Are you telling me you don't monitor how the school boards are doing in terms of their maintenance or any of their liabilities?

4:40

Mr. Panda: I mean, we'll have some kind of oversight, not babysitting them every day.

Mr. Dang: Yeah, for sure.

Mr. Panda: We're not micromanaging them.

Mr. Dang: Right. No. Of course. So your department does monitor the types of projects that are going to be moving forward.

Mr. Panda: And we provide them with help when it comes to technical standards and all that.

Mr. Dang: Right, especially in things like the P3 sites. For P3 sites you'll do the actual administration as well.

Mr. Panda: But, you know, the school boards actually report through the Education department, not through me.

Mr. Dang: Right. I'm just looking at capital maintenance and renewal, then, for those school facilities. In that line item on page 134 for the P3 schools – and there are, I think, about two dozen of them currently across the province that we're still paying out – is that money included in that line item? The P3 school that you would be administering . . .

Mr. Panda: Yeah.

Mr. Dang: . . . that's included in the same line item that the Education minister uses for capital maintenance and renewal, or is it separate?

Mr. Panda: Just give me one second here.

Mr. Dang: Yeah. I'm looking at page 134 in the capital plan, in the fiscal plan, under capital maintenance and renewal for school facilities. I just want to be clear. Because the Infrastructure department does operate and administer the P3 schools, is that going to be the same line, or is it a different line?

Mr. Panda: Yeah. It's the same line item, out of that \$480 million.

Mr. Dang: Yeah. How much of that is administered by the Infrastructure department?

Mr. Panda: Fifty-two point one million dollars.

Mr. Dang: Okay. So \$52.1 million . . .

Mr. Panda: I mean, that is from '19-23.

Mr. Dang: Right. Oh. Okay. Out of the \$119 million. Almost half of the money in this year – over four years.

Mr. Panda: Out of \$480 million in four years.

Mr. Dang: Okay. Over four years \$52 million, \$52.1 million is administered by your department.

Mr. Panda: Right.

Mr. Dang: Okay. I guess that in those cases the question I would have for you, then, is: are we aware of any maintenance liabilities? For example, we saw it today with the lead pipes and the water and things like that at schools. Are we aware of any maintenance liabilities like that that the Infrastructure department will be on the hook for?

Mr. Panda: At this time I don't have that information. I have to check with the school boards or Education. I'm not aware of it.

Mr. Dang: Okay. You've just told me that you administer that \$52.1 million for I think it's about two dozen schools, and you can't tell me if there are any liabilities like that in the money you administer?

Mr. Panda: When you say "liability" . . .

Mr. Dang: Well, things like: would there be requirements for upgrading of the water systems if we're not meeting national standards?

Mr. Panda: Right. We are upkeeping them. That's why that money is there. But out of the \$52 million if you ask me which school and . . .

Mr. Dang: Right. Could you get back to me in writing on all the schools that your department is responsible for. I believe it would just be the couple of dozen P3 schools. Could you get back to me in writing with a list of those schools, then?

Mr. Panda: A couple of thousand dollars?

Mr. Dang: No. Sorry. A couple of dozen schools, I believe, are on your books. I think I've seen a nod from one of your ADMs here.

Mr. Panda: There are only 40.

Mr. Dang: Forty. Sorry. It's 40 schools. Could we get a list of those schools, then?

Mr. Panda: Right.

Mr. Dang: Then in terms of those schools, could you provide a total of how much deferred maintenance there is in those schools as well?

Mr. Ridge: Zero.

Mr. Dang: So there's no deferred maintenance liability for those schools.

Mr. Panda: Yeah. They're up to date.

Mr. Dang: Okay. Is it because you've . . .

Mr. Panda: Because of the P3.

Mr. Dang: Okay. So it's on the contractor.

Mr. Panda: Yeah.

Mr. Dang: Then could you provide the information for how long those P3 contracts will continue, as well, in writing? Okay. Perfect. Thank you.

I think my colleague here Jon Carson will have a couple of more questions as well.

Mr. Carson: How much time do we have left, Chair?

The Chair: You have a little over four minutes.

Mr. Carson: Okay. I'd also like to pass it to Member Bilous. Thank you.

Mr. Bilous: Great fun. Thanks, Mr. Panda, for being here and to your department staff. I know that they work very, very hard.

I'm just going to ask for some updates on specific projects, if you can tell me if they are either moving forward or not. I apologize; I don't know which line items they'll fit into specifically. I believe what's going forward – the highway twinning south of Grande Prairie is highway 40. There was a section of road. Do you know? I know that Transportation builds it, but I believe that the money flows through Infrastructure. Is that correct, or is that directly Transportation?

Mr. Panda: No. Directly Transportation.

Mr. Bilous: That is. Do you have a status update or a budget update on the Grande Prairie hospital, and which line item is the GP hospital in?

Mr. Panda: Yeah, sure. Before I tell you the line item, I can tell you this, that I toured that hospital recently, twice, together with Member Tracy Allard and Member Todd Loewen and the Finance minister. The work is really coming along.

Mr. Bilous: Sorry. Can I get an update as far as the budgeted dollar amounts? Is it now – I appreciate that it's been riddled with challenges and delays. It goes back to, like, the early 2000s, I believe. I just wanted to talk, moving forward . . .

Mr. Panda: Yeah. But I just wanted to mention that we're going to finish that hospital by next year.

Mr. Bilous: The hospital will be up and running.

Mr. Panda: Right. It'll be turned over to Alberta Health next year.

Mr. Bilous: Right. Infrastructure will be finished with it. Do you have the final price tag on that?

Mr. Panda: It is \$775 million.

Mr. Bilous: Now, that's the total envelope since it started, again appreciating that those are dollars counted from previous budgets, correct?

Mr. Panda: Right.

Mr. Bilous: Okay. How much in this current budget do you have allocated?

Mr. Panda: Just give me one second. That budget doesn't include the cleanup of deficiencies. We don't know that because now the contractors – Graham is not the contractor anymore. The new contractor, Clark Builders, is looking at all the deficient work, and they're fixing that. So the numbers may vary slightly here and there. I don't have the exact number because they're fixing the deficiencies.

Mr. Bilous: Minister, is it also Infrastructure that helps to . . .

Mr. Panda: It's \$215,435,000.

Mr. Bilous: Excellent. Thank you.

Is it Infrastructure, is it your ministry that also pays for the equipment in the hospital, or does that turn to AHS?

Mr. Panda: Some we procure, depending on the scope. For example, Calgary cancer hospital: my department is procuring some equipment, but all the critical long leads they're sourcing themselves.

Mr. Bilous: Right. Of that \$215 million, does that include any critical equipment in the Grande Prairie hospital, or is that just for the building envelope?

Mr. Panda: Yes, that includes some equipment.

Mr. Bilous: It does. Okay. Excellent.

Is there any direction or plan with your ministry to look at – sorry. Let me back up. Is the Ministry of Infrastructure continuing with

certain LEED designations of buildings and new builds, or has that been removed?

Mr. Panda: Yup.

Mr. Bilous: Okay. Which level, or does it depend on the facility? Happy to have your deputy respond as well if you're comfortable with that, Minister.

Ms Flint: Yeah. We do actually do LEED silver standard as a minimum. For instance, both the Royal Alberta Museum and the High River resource centre actually achieved gold certification. We do endeavour to make sure that facilities do get LEED certification, silver at a minimum. We have 178 government facilities, including postsecondary institutions and schools and health facilities, that have received some form of certification. We do have the breakdown in terms of: two have platinum certification, 60 have gold certification . . .

The Chair: Thank you. We have come to the conclusion of the first 60-minute speaking block for the Official Opposition.

We will now begin a 20-minute speaking block for the government caucus. I call on MLA Barnes. You may proceed. Do you wish to combine your time?

Mr. Barnes: If it's okay with the minister, I'd like to combine and go and forth.

The Chair: Yup.

Mr. Panda: No problem.

Mr. Barnes: Thank you. Thank you, Mr. Chair. Thanks to the minister and your staff for being here today and for all the work you guys do for Albertans. I want to start on the capital plan, item 2, the Calgary cancer centre, a commitment to \$1,034,000,000 over the next four years. Please, Minister, can you let me know if that's the totality of the spend on it and give me the update on the progress?

Thank you.

4:50

Mr. Panda: The project continues to be on budget and schedule – I'm happy to report that – and we are continuing to make significant progress on construction. In partnership with the construction contractor a budget estimate was needed from Budget 2018. Site work started in September 2017, with construction activity beginning in mid-October 2017. Piling, shoring, and escalation parkade has also been completed, and concrete work is well under way. Once it has been poured for the entire eighth level, which we anticipate will occur in late 2020, this will represent almost 85 per cent of the concrete that will be poured for the entire building. Construction activity will continue until 2022. I mean, as you know, this is a state-of-the-art cancer centre for southern Alberta, and it's expected to be open to the public in 2023.

Mr. Barnes: Great. Thank you very much for that. Yes. Money well spent.

Again on the capital plan, I want to talk about the Willow Square continuing care centre in Fort McMurray. I see \$57 million allotted to this development, and of course it's been talked about and needed for a long time. Minister, could you again please give me an update on the progress and the completion date?

Mr. Panda: Yeah. We are investing \$100 million to build a modern continuing care centre in Fort McMurray that will meet the needs

of the community for now and also for the years to come. Construction of that continuing care is well under way, and structural work is 90 per cent completed. We'll continue to work with the contractor to finish the project by the end of this year, in the next four weeks, I guess, including delivering the project on budget.

Mr. Barnes: Okay. Good.

Okay. Switching gears a bit to property operations, please. In my seven years here I've heard it time and time again, and I'm interested, as I think many of my colleagues are, in the process of applying for federal funding under the investing in Canada infrastructure program. I believe that in your remarks you said: \$3 billion from the feds over the next 10 years. Of course, these projects span community centres, public transit, rural communities, and it's under a wide umbrella of your department and other departments. Can you please tell me, in your budgets and the capital plan, which line items contain the ICIP?

Mr. Panda: Yeah. I mean, Infrastructure is administering that project, but the partner ministries, like Transportation, for example, for LRT projects or Municipal Affairs for water projects, are responsible. I don't have the line item here, but I can give you the other details if you like.

Mr. Barnes: I'd like the other details. Please confirm – did I hear you right? – is it \$3 billion over the next 10 years . . .

Mr. Panda: It's \$3.65 billion.

Mr. Barnes: Three point six five?

Mr. Panda: To be precise, yeah.

Mr. Barnes: Thank you.

Mr. Panda: I can give you the details of that. The \$3.65 billion is divided into four categories: green infrastructure is \$1.25 billion; community, culture, and recreation stream is \$140.6 million; rural and northern communities is \$159.7 million. But the major one is the public transit, which is \$2.1 billion. As of date, 13 projects throughout Alberta have been federally approved and two provincially announced. The projects must be announced by Alberta, then approved by the federal government, so first we have to approve, announce those projects, then the federal government will approve them.

There are two components to the funding under the investing in Canada infrastructure program, federal and provincial. The first component is the provincial funding for the approved projects. Not all projects have provincial funding, but it is required for municipal projects. Then the second component is the federal portion of the funding, which is covered by the revenue from the federal government. The funding, both federal and provincial, is budgeted in the program ministry that will deliver the grant agreement with the applicant. For example, the provincial portion of the municipal projects would be budgeted in Municipal Affairs under the municipal sustainability initiative, MSI. The Winspear and the Telus World of Science projects, funded under the community and culture and recreation stream, are budgeted in Culture, Multiculturalism and Status of Women. The Calgary and Edmonton LRT projects, under the green infrastructure and public transit streams, are in Transportation's budget. Funding for the Ben Calf Robe school replacement is in Infrastructure's school facilities infrastructure capital investment funding, which is in line 2.3 on page 139.

To talk about the program, ICIP, we opened an intake of applications this year and closed that on July 31. The response was overwhelming. It exceeded the amount of money available for those programs. We received 711 applications. Out of that 711, almost 100 or so are ineligible because these outcomes are determined by the federal government for those four streams, so some of those applications were not in line with the outcomes set by the federal government. Of the remaining 500-odd projects, our partner ministries like Transportation and Municipal Affairs rank the projects because they have to budget them once they're approved. They rank those projects and send back to us some of their preferred projects. We are working on that, and we'll go back to the applicants to ensure that they actually have their portion of the money. Once they say that they have, then we'll recommend them to the federal government.

Mr. Barnes: Okay. Thank you, Minister. While we're there, what other criteria do you use to analyze and rank these projects? When it comes to making sure that the partners have their share, how does the go-forward happen on that? What are your priorities?

Mr. Panda: I would ask the deputy minister to explain to you the criteria.

Mr. Barnes: Please.

Ms Flint: The criteria we're looking at were those projects that actually had grant funding attached to them that were already in the capital plan or in Budget 2018 or Budget 2019. We were also looking at jobs that would be created as well as projects that would be shovel ready and that met, as Minister Panda pointed out, the intended outcomes of the federal government in the integrated bilateral agreement that the province and the federal government had signed.

Mr. Barnes: Okay. Do you ever take into consideration some of the more rural or smaller municipalities, that maybe don't have the engineering staff to be shovel ready?

Ms Flint: Absolutely. We did actually get quite a few from some of the smaller municipalities in terms of some of the projects they're looking at. The minister is always aware of making sure that we are looking at it both from a rural and an urban perspective.

Mr. Barnes: Great. Thank you.

In the past I heard from time to time how maybe the Alberta government has missed the opportunity to apply for one of these grants or been slow on the uptake on the money. Do we have a process to make sure that Albertans have full advantage of what's available from Canada?

Ms Flint: Yes, we do. As the minister indicated, we did have a cut-off of July 30, and we received over 700 applications. As the minister indicated, we're currently going through those grant applications and trying to make a determination in terms of which ones should move forward, and then if there's additional funding left over, we'll be going out for round 2 of applications.

Mr. Barnes: Okay. Thank you. I appreciate it.

To switch gears again, I know my colleague earlier asked about the savings in the lease budget on buildings that the government of Alberta, that you administer and maintain and that the government of Alberta's staff occupies, and I think the saving is significant, 15 million or so dollars. You know, of course, the real estate market has changed so much in Calgary, Edmonton, and throughout rural Alberta. I'm wondering if you have a priority list and a ranking list

for where you can find these savings. Of course, the previous government grew the size of government so much. I'm wondering if you have some thoughts on where we can find some savings with that.

5:00

Mr. Ridge: Yeah. We realized approximately \$10 million or so in savings due to changes in the real estate market. We typically would do shorter term leases, two to three years, to adjust to whatever changes in government. In many instances at the end of the lease terms we look at the need for the space. If we still need it, we continue to negotiate. Otherwise, we have moved out of that space. We're also trying to consolidate into common buildings or core buildings and relinquishing other leased space completely so that we don't have to maintain those leases.

Mr. Barnes: Thank you for your answer.

That's a process throughout the whole province? We're looking for savings wherever we think they could exist?

Mr. Ridge: Correct. Yeah. For the 80 or 100 or so properties that we own and lease, every decision in our overall asset management strategy looks at: north to south, east to west, how do we optimize with any given location in each lease situation? Calgary is different than Edmonton and different than rural, so we have experts that assess what the unique situations are for that region and make those decisions accordingly.

Mr. Barnes: Okay. Thank you.

Mr. Panda: Actually, for the record Member Drew Barnes is also an expert on that subject matter. If you don't mind giving some input on that, we would really appreciate it.

Mr. Barnes: Yeah. Absolutely. I'd love to help at the right time. I was the Infrastructure critic five or six years ago. Anyway, thank you.

Procurement: I want to talk about page 100, line 1.5, of Infrastructure's 2019 business plan. It indicates that the government will be limiting its use of cost-plus contracts for procurement of capital projects. Minister, please, I'd like to hear from you your thoughts. My thoughts are that sometimes it's appropriate to use cost-plus, that sometimes it's appropriate to use design/build, that sometimes it's appropriate to use P3, that sometimes it's appropriate for Infrastructure to bid every stage along the way if that's the way we get the most savings. I'd like to hear your thoughts on how you analyze which type of procedure to use and your thoughts on saving and building Alberta, the best value going forward.

Mr. Panda: That's a good question, actually. As you know, in our campaign platform that was one of the commitments, to limit usage of cost-plus contracts. It's not like we don't use them at all, but we want to limit them. As you know, cost-plus is an open-book kind of thing. Unless we really need to use cost-plus on a given project, we would prefer to get the scope fully defined before we build and try and get form bids and hold the contractors to that contracted amount to deliver a quality product.

Having said that, it depends on different projects and the nature of the projects. For some of the schools, the NDP government started sanctioning some amount for the design planning for certain schools. While they were waiting for the cash flow to improve, they just wanted to fund certain schools to do the front-end design work. But there is an advantage and a disadvantage to that. Now, if we want to bundle them together for the P3 bundles, the problem is that

we've already spent money on the design portion of it. There is a sunk cost, and that is why we are looking at each case, at which delivery method is suitable for which project.

Member Dang asked me: what was the criteria for those five schools? The criteria we used is the geographic location, where they are located, and also where they are at in the planning stage.

Mr. Barnes: So geographical. Like, in a bigger city? Close together? What do you mean specifically?

Mr. Panda: We prefer to keep them together in a given geographic location. This month, for example, there is a P3 conference in Toronto. We're going to feel them out to see which projects they are interested in. We are going to share the information that we have, but we would like to ask them for some input from the stakeholders. We determine case by case if there is value for money.

Sorry. I'm going all over here. We stood up the P3 secretariat in our department just now. They're reviewing each project based on the business case, and if they find there is value for money, that's the first step in selecting those projects for P3. Then we'll put them on the P3 list and bid out. Usually the threshold limit was \$100 million, but now we are looking at school projects by bundling them. I mean, each school is not \$100 million, so that's why we're trying to bundle. The advantage is that we're going to get private dollars, we're going to build it faster, and we'll obtain a long-term warranty. We will actually encourage innovation up front during the design phase. Those are the advantages. Also, we can include future maintenance and operations of the assets.

Mr. Barnes: Okay. Thank you. With the state of the Alberta economy, the contract market is very, very competitive right now. Is the P3 market as competitive?

Mr. Panda: I hope so. We are going to test that.

Mr. Barnes: Test it out and see?

Mr. Panda: Yeah.

Mr. Barnes: Sounds good. Thank you for that answer.

On page 99 of your business plan, under your outcomes, the first bullet indicates "innovative, adaptive and responsible infrastructure solutions that meet current and future provincial needs." What solutions have been identified or are being considered to accomplish this given our commitment to a balanced budget by 2022-23? I appreciate that the commitment in our budget for infrastructure spending is still very, very strong. Innovation, adaptation, and responsible contracting: how are Albertans going to get the most value for your efforts?

Mr. Panda: That's page 99?

Mr. Barnes: Yes, of your business plan.

Mr. Panda: Infrastructure is responsibly addressing the need for innovative and adaptive infrastructure in a number of ways, including considering climate change adaptability, the changing needs of a diverse population, and looking at more efficient work strategies. Considering these needs in the planning phase and the construction phases is less costly than dealing with disaster costs or the cost to subsequently modify the facilities. An example of ways in which Infrastructure has been innovative and adaptive to climate change is the Fort McMurray residential, facility-based care centre. We call it Willow Square. It is being built on a 1-in-100-year flood plain, and risk mitigation of the building in the 1-in-100-year flood plain has been incorporated into the design of the continuing care

centre. The main floor is raised above the 1-in-100-year flood level to address the flood concerns. Parking is accommodated below the main floor. Resident rooms and other critical building functions are located in the upper floors, above the expected levels of a 1-in-100-year flood, and it even includes adaptable infrastructure for Albertans.

As the needs of Alberta's diverse population continue to evolve, the ministry is challenged to provide inclusive and adaptable infrastructure to meet accessibility, religious, gender-based, and other public needs.

On accessibility, Infrastructure has a barrier-free section.

The Chair: Thank you, Minister.

That concludes our 20-minute speaking block with the government caucus.

I will now call a five-minute break. We will reconvene in five minutes and begin 10-minute speaking blocks, and we will be beginning with the Official Opposition at that time.

[The committee adjourned from 5:09 p.m. to 5:14 p.m.]

The Chair: Okay. Thank you. We'll now reconvene, and we will be moving into 10-minute speaking blocks, starting with the Official Opposition, MLA Dang to begin, and we start now.

Mr. Dang: Thank you.

Mr. Carson: Ask your questions.

Mr. Dang: I guess I'll start asking some questions, Mr. Chair. There's perhaps nobody to confer with, though.

The Chair: The minister is coming.

Mr. Dang: Is the time going to be running while we're waiting, though?

The Chair: Time is running.

Mr. Dang: Sorry. Okay. Thank you, Minister. Lost 30 seconds there.

You had mentioned this morning about the P3 office that you're opening. I think you just referred to it as P3 secretariat in a former question here from the government side. I'm trying to figure out: where have you budgeted for that? Can you show me the line item and how much it's going to cost?

Mr. Panda: Just give me one second here.

Mr. Dang: Yeah. Obviously, administering a secretariat or a P3 office to administer the contracts will have some costs associated with it.

Mr. Panda: It's actually in asset management, page 138.

Mr. Dang: Yeah. If you break it out, do you know how much the P3 secretariat itself will cost?

Mr. Panda: I don't have that exact number.

Mr. Dang: Could you get back to me with that?

Mr. Panda: Sure.

Mr. Dang: Okay. Perfect. Thank you.

My other question. I don't know if I've actually talked about it yet, but I want to go back to the Calgary cancer centre, page 135 of the fiscal plan, second from the top. There's been a cash-flow

change, as is noted in the fiscal plan itself. Instead of the total price, it's going to be a billion dollars over four years now for the cash flow. Could you explain to me what the total cost of the project will still be? What's the total cost of the Calgary cancer centre?

Mr. Panda: One point four billion dollars.

Mr. Dang: Right. And you're expecting an on-time opening in 2023, I guess. Is that right? I see in your budget that you have \$1.034 billion going out the door over the next four years.

Mr. Panda: Yeah.

Mr. Dang: So if your total cost is \$1.4 billion, how can you project an on-time opening?

Mr. Panda: For big projects like that which spread over three or four years: in certain years contractors spend less; in certain years they spend more.

Mr. Dang: Right. But you're expecting to actually finish the entire construction, open the doors, cut the ribbon, and not have actually given the contractors the money. Is that correct?

Mr. Panda: No. We will pay them.

Mr. Dang: But \$1 billion over four years here and the project costs \$1.4 billion. You're going to open it before \$1.4 billion has gone out the door. That's what your budget says.

Mr. Panda: Okay. As of now we've already incurred \$282 million.

Mr. Dang: Okay. So there's a hundred million dollars here that's still not going to be out the door by the time you open this project.

Mr. Panda: Actually, previously we spent \$282 million, and this year we budgeted \$232 million, and the next three years \$265 million and . . .

Mr. Dang: Right. I can see that in the line items here, Minister, but over four years, these four years, is \$1 billion. Add in the \$282 million already spent by the former government . . .

Mr. Panda: No, this \$1 billion doesn't include that.

Mr. Dang: If it does or it doesn't, you're either short a hundred million or four hundred million. Either way you haven't paid for the project. How can you expect it to open in 2023?

Mr. Panda: I'm still puzzled. I mean, I'm not getting . . .

Mr. Dang: Well, so on page . . .

Mr. Panda: It's a \$1.4 billion project. We're saying we budgeted \$1.4 billion.

Mr. Dang: No. No. You've said that you've budgeted \$1 billion here in the budget. I can see that on the second line of page 135 right here: \$1.034 billion. You've budgeted \$1.034 billion. So if you haven't budgeted the \$1.4 billion, how can you expect it to open on time if you're not going to have the cash out the door?

Mr. Panda: For future years there is \$93.8 million budgeted for . . .

Mr. Dang: So you decreased the cash flow by \$100 million to \$400 million, in that neighbourhood; admittedly, in your own plan it says right here that the project will cost \$1.4 billion, just a couple of pages before this. And you're still saying that it's going to open on

time without getting the money out the door. Is that what you're saying?

The construction in your own plan says that it's going to cost \$1.4 billion. You're budgeting a billion dollars here. You've said that there's 280-something million already out the door – sure – from last year, let's say. So that means you're short a hundred million dollars. Right? So the project isn't funded. Is that correct, then?

5:20

Mr. Panda: Let me get the ADM to explain.

Mr. Dang: Sure. Okay. Yeah.

Mr. Panda: Can I invite Tracy to come up and talk about that? She's the ADM for capital projects.

Ms Allen: Thank you. My name is Tracy Allen. I'm assistant deputy minister for capital projects for Alberta Infrastructure. Sorry; the question is with respect to the Calgary cancer centre and the \$100 million in the subsequent? Just to make sure I'm understanding correctly. We align our cash flows with the information and the pace of the construction. As Minister Panda has indicated, approximately \$300 million has already been expended on this project. Over the next four years we will be spending approximately just over \$1 billion to facilitate the construction. This is a design/build contract. We just finished 100 per cent of the design. They're now in the throes of construction. We forecast some funds to be required following the opening due to landscaping, deficiency cleanup, and the other associated projects we are completing as part of this.

Mr. Dang: Okay. I guess, to be clear then, you're opening an incomplete centre, right? You're opening a centre with \$100 million of work still to do.

Ms Allen: No. I would say that we are opening the centre. We would not open the centre until it is complete and ready to function and operate. Otherwise we would not achieve substantial completion and building occupancy.

Mr. Dang: Okay. Thank you very much. I think I only have about three minutes left here. Is that right?

The Chair: Two forty-eight.

Mr. Dang: Two forty-eight. Is that enough for you?

Mr. Carson: Yeah.

Mr. Dang: Okay. I'm going to kick it over to my colleague Jon Carson here, then.

Mr. Carson: Thank you very much. Looking back to page 138, under Capital Grants, line 2.3, it shows that school facilities infrastructure capital grants go from \$13.6 million reduced down to \$5.3 million. Can you explain what is in that line item?

Mr. Panda: Line 2.3?

Mr. Carson: Under Capital Grants on page 138. Yes.

Mr. Panda: Yeah. That's Peerless Trout First Nation school.

Mr. Carson: It's for First Nations schools? What is the reduction? It's been reduced to about 38 per cent of what it was in this year's actual budget. What is the reason for that?

Mr. Panda: It's an \$8.3 million decrease from 2018-19 actual to 2019-20.

Mr. Carson: Yes, more than half of what it was this year. Correct?

Mr. Panda: Yeah. So that was project scheduling and cash flow requirements for that Peerless Trout First Nation school.

Mr. Carson: One more time, it was for one school? Two schools?

Mr. Panda: Peerless Lake and Trout Lake.

Mr. Carson: Okay. Thank you.

Then the line item below that, 2.4, for capital planning we see that the budget increases there to \$8.9 million from \$4.9 million. What is the reasoning for that change?

Mr. Panda: That is mainly for facility evaluation and planning activities for major health projects.

Mr. Carson: Okay. Under Property Management, line 3.4, accommodation projects, it shows a reduction from almost \$2 million down to \$773,000. What is the reason for that?

Mr. Panda: Line 3.4?

Mr. Carson: It was on the same page, page 138.

Mr. Panda: There is a \$1.2 million decrease. It's primarily because of the increase in accommodation activities in 2018-19 such as small tenant improvement projects, planning studies, and reallocation projects.

Mr. Carson: Thank you.

The city of Edmonton has brought forward concerns that government of Alberta buildings are not paying their property taxes. Question: is that administered through Infrastructure? Do you pay property taxes to the municipalities through your department?

Mr. Panda: It's Municipal Affairs.

The Chair: Thank you. That concludes the first 10-minute speaking block for the Official Opposition.

We will now move to the government caucus for their 10-minute speaking block. MLA Toor, you may proceed.

Mr. Toor: Thank you, Minister, for being here. Referring to page 139, line 2.1, you can see that capital construction accounts for a huge portion of the government's budget, meaning that our government has an extensive list of capital assets. My question is: what happens to the government-owned land and buildings that are no longer used, and where does this appear in the balance sheet?

Mr. Panda: Page 139. Just give us a second here.

Mr. Toor: Sure. You can provide it later.

Mr. Panda: Can you repeat that question if you don't mind?

Mr. Toor: You can see a lot of assets there, so we can see the amount is there. The question is: what happens to the asset we're not using – like, it can be a building or land – and where can we find the value of that in the balance sheet, the amount of assets?

Mr. Panda: That is page 144, actually.

Ms McCann: When surplus lands or surplus facilities are sold, the revenue less the book value of the asset is recorded under other

revenues. We don't budget any revenues for sales of surplus lands just because it's so uncertain as to when they'll be sold. So we don't have any amount in this budget for sales just because of the uncertainty around the timing.

Mr. Toor: There's no book value of those assets?

Ms McCann: Some of those surplus assets may have book values. It would depend on the asset.

Mr. Toor: Okay. Do you have any breakdown of all these assets?

Ms McCann: The breakdown of our assets is information that's in our annual report. I don't have it here, but we could certainly provide that to you.

Mr. Toor: Sure. I'm also curious. What happens to a building or a piece of land that's not used? Does your department sell or hold them? What is the government's policy?

Mr. Panda: Our government policy on surplus lands?

Mr. Toor: Yeah. The building is not in use, like, it's sitting there, and also the land when you're not using it.

Mr. Panda: Right. We will first check with the other departments in the government if they want to utilize that. We'll ask if another department has a purpose for that building. If they all say no, then we actually sell that.

Mr. Toor: Well, there might be some schools in the rural areas that we closed, like, a few years back. If they're sitting empty, then what is the policy with regard to those empty school buildings?

Mr. Panda: Yeah. If they were closed-down schools, school boards still own them. They are responsible for the disposition of those assets.

Mr. Toor: Okay.

Mr. Panda: If they transfer that to us, then we'll put them as surplus and then sell them.

Mr. Toor: Sure. In Ottawa it seems the federal government has gone down the route of selling its buildings and leasing them back from the private companies. Is Alberta considering selling more of the buildings it owns and leasing them back, getting out of the property management business, I guess?

Mr. Panda: No.

Mr. Toor: Actually, MLA Barnes asked you earlier, too, about debt servicing for property management, page 138, line 3.5. We see a decrease of about 15 per cent from 2018-19 actual to 2019-20 budget. Can you please inform what action your department has taken to reduce these costs?

5:30

Mr. Panda: So page 138, line 2 point . . .

Mr. Toor: No. It's 3.5.

Mr. Panda: So the debt-servicing costs are the interest portion of the amount the province is repaying for the construction of the Evan-Thomas water and waste-water treatment facility in Kananaskis, which was procured under a public-private partnership agreement. The capital costs are being repaid over a 10-year period, from 2014 to 2025, as set out in the agreement with EPCOR Water

Services Inc. As the principal amount outstanding is lower each year, the amount for debt-servicing costs is reduced each year, and the reduced debt-servicing costs correspond to the increased principal repayment amounts, as shown on page 140, line 3.6.

Mr. Toor: Okay. In regard to the 2013 Alberta flooding, page 139 of the budget, line 6.2, reconstruction and accommodation, is showing an increase of \$1.65 million, which is a 257 per cent increase over the previous year. Would the minister be able to explain this increase?

Mr. Panda: The \$1.651 million is budgeted for repairs to the hospitals in High River and Canmore, that were impacted by the 2013 Alberta flood, and the changes in funding reflect the needs of the projects. The projects are expected to be completed in 2019-20. The projects are delivered by Alberta Health Services through a grant provided by the Infrastructure department.

Mr. Toor: Page 101 of the 2019 business plan refers to performance metrics. I'm specifically interested in the metrics that indicate the physical condition of government-owned facilities. Is the current system of classification the best way to classify buildings? What system of classification do other jurisdictions use?

Mr. Panda: Page 100?

Mr. Toor: It's page 101.

Mr. Panda: Okay. The performance metrics use a facility condition index, called FCI, value to report the physical condition of facilities. The FCI is the ratio of the cost to correct current and future five-year physical condition deficiencies relative to the current facility replacement value. The long-term goal of the government is to preserve health, schools, and government-owned and -operated facilities. These metrics support long-term capital planning and maintenance of health, school, and government-owned and -operated facilities across the province. The data allows the government to make important decisions regarding our infrastructure needs and to ensure that we are meeting the needs of Albertans while creating value for money. However, it is one of many other tools the government uses to determine priorities in the allocation of resources. The FCI is a measure of physical condition only and does not take into account energy efficiency, functional adequacy for program delivery, the ability for staff to operate efficiently, the iconic or historical nature of buildings, and the contribution to community.

Mr. Toor: On the same page of the business plan performance metric 1(c) indicates that 35 per cent of school facilities are classified as category 2, which is defined as "aging components [that] are nearing the end of their life-cycle and require additional expenditures for renewal or refurbishing." What will your department be doing to ensure that these assets do not depreciate further and become classified as category 3?

Mr. Panda: Thank you. Infrastructure includes the physical condition of school facilities as a performance indicator . . .

The Chair: Thank you, Minister. We have come to the conclusion of the 10-minute speaking block for the government caucus.

We'll now move to a 10-minute speaking block for the Official Opposition. MLA Bilous, the deputy chair, will begin.

Mr. Bilous: Great. Thank you, Mr. Chair. I just want to jump back to previous questions about the Calgary cancer centre to provide some clarity. My understanding is that there is about a hundred

million less money that your department is spending on the Calgary cancer centre. To clarify from your ADM who was answering previously, is that hundred million exclusively for landscaping? Can we get a breakdown of that hundred million dollar cost difference? If these are savings, I'm curious about where they came from when the Calgary cancer centre is still being constructed.

Mr. Panda: Okay. If you don't mind, I'll let my ADM.

Mr. Bilous: Yeah. Absolutely. Please.

Ms Allen: Thank you. It's not a hundred million dollars less that is projected. The original budget of \$1.4 billion is what we are projecting to spend. It's the timing of several things, including furnishings and equipment. As Minister Panda indicated earlier, some of it is purchased through the contract; some of it is purchased through AHS. They will wait until the hospital is ready to open before they purchase that. It's not solely a hundred million dollars of landscaping, no.

Mr. Bilous: Thank you, and sorry to interrupt you. That answers my question perfectly. Thank you very much.

Let's jump to procurement really quickly. I'm just curious to know, first of all, what tools you use when you put out procurement contracts. Are you using just lowest cost, lowest bid, or do you have a different formula? Are you taking into consideration either innovation or green builds? If you have that formula, can you share it?

Mr. Panda: When we receive the bids, we evaluate them, so there is some weight on the price for the technical completeness of the bid and also the quality and safety aspects.

Mr. Bilous: Minister, can the department share the actual breakdown, the weighted averages of how you evaluate the different bids? I'm not asking you to disclose bids, just the general formula of how the department evaluates the procurement bids.

Mr. Panda: The general one we can share with you, yeah.

Mr. Bilous: Excellent. Thank you, Minister.

Mr. Panda: Again, it depends. From project to project there will be some variance, but we can give you the broad plan.

Mr. Bilous: Appreciated. I understand that there may be variance between a school versus a hospital versus some other infrastructure asset. Great.

I was going to ask: as far as procurement contracts, can you get back to us, or do you know offhand – sorry. What I'm trying to drill down on is: is the department taking any initiatives to ensure that new entrants are able to successfully bid on procurement contracts? I can tell you that I know first-hand that one of the challenges for many companies: procurement often goes to companies that have been successful in the past. Although that's great for those companies, it makes it really difficult for new companies to enter into the procurement space. Is the department or ministry taking any initiatives or looking at ways to ensure that new entrants are able to successfully bid on contracts?

Mr. Panda: Yeah. As far as the department is concerned, there are no barriers to entry for new entrants. They do bidder qualification, prequalification and all, on a regular basis. They qualify the bidders, and they routinely meet with the associations to encourage some of the new members; for example, the construction associations and others.

Mr. Bilous: Right. I mean, I would just challenge your comment, Minister, that there aren't barriers in that there are. Barriers for a company can be things like understanding how to speak the language of government, how to be able to put forward bids, how the government or whoever is evaluating them in the department score them, and how they score higher. Part of it, I think, is a bit of an educational piece that I know we had worked on years ago. I'm curious if that is something that your department is continuing in order to open it up. I think previous practice favours those companies that have been successful in the past.

5:40

Mr. Panda: Yeah. I understand what you're trying to say. That's why our Premier actually made that announcement even to remove all other trade barriers and the exceptions we had in trade agreements and all. We are going even further.

Mr. Bilous: The challenge with that, Minister, is that now Alberta is open to companies from other provinces who don't reciprocate. I mean, I'm not going to go political, but there's a real danger that now other companies in Ontario, Quebec have access to our bids and our contracts, which isn't reciprocated for Alberta companies and vice versa. So it's going to increase the procurement bid trade deficit.

Mr. Panda: I note your point.

How do we help new entrants which are Alberta-based businesses? Most of this procurement is done publicly. We advertise widely, and we invite bids.

Maybe I should get the DM to speak about how we can bring in more new contractors.

Mr. Bilous: Sure. I think your DM was involved in some of those conversations years ago.

Ms Flint: Sure. Some of the things that we do: we actively go out and engage with chambers of commerce to actually provide that information to some of their new members. We're always working with the Alberta roadbuilders association; for instance, through Transportation. For us, it's the Alberta Construction Association. New businesses do become members, and we're always out talking to them about procurement. One of the things that came out of the MacKinnon panel is that we're looking at forming a procurement council, which would be a joint venture between ourselves and government and business and industry, to examine innovation and efficiency that we could take to make sure that we have a very transparent procurement process that anyone could actually bid into.

Mr. Bilous: Right. I do agree with that, and I would encourage that you ensure that there are different sizes of companies that are involved in that and that, again, you're not just going to default to the largest ones. We have great construction companies in Alberta, but we have great small new entrants that are wanting to get in as well.

I mean, I was going to say that part of rewarding innovation may be looking at the innovation model that you're going to be sending or the procurement model as far as what initiatives you can take to reward innovation. I understand that that bottom line is an important factor, but I think that sometimes when that's the only factor, then we start to miss opportunities that could lead to lifetime savings over a building, for example.

Mr. Panda: Yeah.

Mr. Bilous: I think I'm almost out of time.

The Chair: You have a little over two minutes.

Mr. Bilous: I just wanted to ask, Minister: can you comment briefly on surplus lands in Edmonton and Calgary and which ones you're looking at putting up for sale? I mean, I appreciate that it's not in the budget, and I'm glad to hear you don't budget on the sale of assets. That depends and comes up, I'm sure, on need. But can you comment on either any land or buildings within the cities of Edmonton and Calgary that you're planning to put up for sale or that are up for sale? Up for sale would be on the website.

Mr. Panda: Respecting your time, in Calgary we have a transportation utility corridor in the southeast. There is one property listed for \$60 million, and there's another one listed for \$7.3 million. In Cardston there is a vacant property listed for \$93,500 and one old RCMP building in Drayton Valley. In Edmonton land in the Ellerslie Industrial estate is listed for \$49.9 million. Also in Edmonton there are 7.49 acres listed at \$1.7 million.

Mr. Bilous: Minister, what you just said, the acreage: is that in northwest Edmonton, or do you know where in the city that parcel of land is?

Mr. Panda: It's in Ellerslie.

Mr. Bilous: That one is in Ellerslie as well. Is there any land that the government is looking at selling in northwest Edmonton at the moment?

Mr. Panda: Why don't I give you this list?

Mr. Bilous: Or if you can share it through the chair to the committee.

Mr. Panda: Also, all the information for the property for sale can be found on Infrastructure's website, realty.alberta.ca.

Mr. Bilous: Right.

Mr. Panda: Of late you might be seeing me promoting on social media because people are saying I'm the realtor, but we're trying to get the best buck for our properties.

Mr. Bilous: Okay. The only other question that I have – and I'm sure I'm out of time in a minute – is just really wanting to drill down on the oversight that Infrastructure provides for monies that flow through you to Health or Education and what role your ministry plays.

The Chair: Good. Thank you. We've come to the conclusion of that 10-minute speaking block.

We now go to the government caucus for a 10-minute speaking block. MLA Allard, you may begin.

Mrs. Allard: Thank you, Chair, and through you to the minister, thank you for being here, and thank you to the staff of the ministry for the great work you've done on this budget.

It's not a surprise, being the MLA for Grande Prairie, that I want to talk a little bit about the hospital. I just want to confirm that in the government estimates, pages 138, 139, line 2.2 is where the hospital is budgeted. Is that correct?

Mr. Panda: Just give me one second here. Pages 138, 139, you said?

Mrs. Allard: Yeah. It looks like under expense there's line 2.2, health facilities infrastructure, and then on 139, line 2.2, the capital for health facilities as well. That's where it would capture it?

Mr. Panda: Grande Prairie regional hospital is part of that.

Mrs. Allard: Perfect. I just wanted to talk a little bit. I did have the opportunity to tour the hospital again last Friday and, as the minister well knows, at your request have been regularly touring the hospital to ensure that we're on track. I'm happy to report that we are definitely on track, and I just wanted to thank the minister for his work in that regard. I know that the project has been fraught with problems and complications over the many years that it's been happening, and I'm excited to move towards a ribbon cutting.

I just wanted to talk a little bit about page 100 of the ministry business plan. Objective 1.6 on page 100 there refers to delivery of capital projects on time, on budget, and to specification. Obviously, the Grande Prairie regional hospital, unfortunately, has not done any of those things, fraught with delays and cost overruns. Again, I appreciate the minister taking the project forward with clear timelines and directives. Since your time in office, I just am wondering on behalf of my constituents: one of the things that our Premier talked about while he was campaigning and certainly while he was campaigning in the Grande Prairie area was that once the project is completed, there would be a fulsome review of the project from start to finish, identifying pitfalls to be avoided in any future projects, just sort of a stewardship piece on behalf of the taxpayers. I wonder if the minister could comment on that.

Mr. Panda: Yeah. We honour that commitment. We'll review the whole seven-year, eight-year experience . . .

Mrs. Allard: Ten years, 12 years.

Mr. Panda: Yeah.

. . . on that project, and we'll make you part of that process. It's always good to look into what worked well, what didn't work well. Going forward on other major projects, you can use that information and experience. Thank you, anyway, for your contribution in expediting that project.

There were so many challenges with that project because we had subcontractors who were not paid, and they made claims under the Public Works Act. Our department had to deposit \$20 million with the court to settle subcontractor claims although the contract was between the general contractor and the subcontractors. But government responded to the claims through the Public Works Act, and we paid \$20 million to settle those claims.

Finally, anyway, we are coming to an end, hopefully soon, next year. We will review everything. Currently the focus is to finish that project on time, on budget, and then we'll review what went wrong and what the lessons learned are and how we can use that feedback for improving services on the new projects.

Mrs. Allard: Well, thank you. Thank you, Chair. Through you to the minister, thank you very much for your focus on this project. I have taken the liberty of starting a list of some of the pinch points that I'm aware of. I'll certainly be happy to share that with the department.

I'm just going to move on to schools if that's okay.

Actually, before I do, I just wanted, for the record, to note again that once the ministry – I just want to confirm with the minister that once the ministry completes the project of the Grande Prairie regional hospital, there is a commissioning process through AHS. I want to confirm that that's about six to nine months before the hospital will actually be serving patients. Correct?

5:50

Mr. Panda: Right.

Mrs. Allard: Perfect. I'll move on to schools, then, page 139 of the budget, line 2.3. A number of elementary and middle schools have been committed to being built – and there are a number of schools, I think – north Calgary, Langdon, southwest Edmonton, southeast Edmonton. Also, Grande Prairie hit that list as well. I just wanted to again highlight that I had the pleasure of announcing and being at a sod-turning last week on behalf of the ministry. Again, in times of fiscal constraint it's really nice to see that there are infrastructure projects that are committed to and moving, and certainly in my constituency that feedback has been loud and clear, that people really appreciate the focus. Do the estimates in line 2.3 commit to all of the projects that I mentioned there? I know that Grande Prairie has already been committed to and announced, but I'm just wondering about north Calgary, Langdon, southwest Edmonton, and southeast Edmonton.

Mr. Panda: Of the 25 schools that we announced last Friday, about 15 are new schools.

Mrs. Allard: I believe that it's 15, six, and four, correct?

Mr. Panda: Right.

Mrs. Allard: Yeah. Okay.

Mr. Panda: Fifteen, six, and four.

Mrs. Allard: Fifteen, six, and four. Perfect.

Mr. Panda: That includes a K to 4 public school in Calgary, Auburn Bay; a K to 9 Catholic school in Cochrane; a K to 9 francophone school in Legal; a K to 9 Catholic school and a K to 9 public school, both in Edmonton, Windermere and Keswick. Additional opportunities for, like, P3 projects will be assessed as planning and design proceed.

Mrs. Allard: Excellent. Thank you very much.

I'm going to move back to the ministry business plan. On that same page, page 100 – sorry, I'm jumping around a little bit – key objective 1.7 indicates that projects will be inclusive and adaptable. I just wanted to start by asking: when it says “inclusive,” is that talking about inclusive of all populations? The reason I ask is that I'm sitting on the Premier's Council on the Status of Persons with Disabilities, and I wonder about specific steps that will be taken to ensure inclusive and adaptable design.

Mr. Panda: Yeah. Thank you. Our government is committed to supporting Albertans living with disabilities to live full lives with dignity and equal opportunities. On accessibility, Infrastructure has a barrier-free section in the technical design requirements, that is reviewed regularly, with requirements beyond the Alberta building code minimums, and these requirements are applied to the construction and maintenance of our facilities. Examples of Infrastructure design requirements that exceed code minimums include shallow ramps and additional lifts; requirements for gender identity or neutrality; needs for small children like handrail heights, toilet size, et cetera; smudging and all-faiths assembly. These greater goals are assessed and provided as needed in the service of Albertans.

Mrs. Allard: Excellent. Thank you.

Again in the ministry business plan – now I'm on page 101 – items (b), (c), and (d) denote the physical condition of health facilities, school facilities, and postsecondary facilities, and it denotes that they'll be used as performance indicators rather than performance measures. I just wanted to know if the minister can

explain the difference between these two classifications and the rationale for that change.

Mr. Panda: Thank you. Performance metrics introduced in the business plan can include both performance measures and performance indicators. A performance measure is directly attributable to a ministry's progress and services. Ministries set specific and measurable targets for performance measures in their business plans. In addition, ministries include performance measures in their annual reports to assess what they did and did not do or what did and did not work, thereby creating an opportunity for continuous improvement.

A performance indicator provides contextual information and is influenced by external factors beyond the ministry's control. As the results are not in the ministry's control, targets are not required, but historical data is included in the business plan. Performance indicators are used to discuss long-term trends in the annual report.

In 2018 it was determined that the performance measures related to the physical condition of health . . .

The Chair: Thank you. That concludes the 10-minute speaking block for the government caucus.

We now move to the Official Opposition. I recognize MLA Carson. You may proceed.

Mr. Carson: Thank you very much, Chair. I just once again, not for too long, want to take a moment to recognize this UCP government's focus on P3s moving forward. Now, Minister, in your words, you say that this is an innovative approach. You know, P3s have been used for decades in this province and in other provinces, and I have concerns about, well, some of the details that come in as we look at some Auditor General reports across Canada. I mean, in 2014 B.C.'s Auditor General found that the cost of borrowing through P3s was double the cost of public borrowing. The same year Ontario's Auditor General said that Infrastructure Ontario's use of P3s has cost \$8 billion more than traditional public financing. In 2017 Nova Scotia announced that it had to buy back 10 P3 schools from private partners because it was cheaper than continuing to lease them. With Auditors General across Canada noting the fact that this process of P3s is costing the public more money than it's actually worth, what fills you with confidence that this is actually the right decision to make moving forward?

Mr. Panda: Actually, the Auditor General confirmed the decision to award a P3.

Mr. Carson: Sorry. The Alberta Auditor General confirmed . . .

Mr. Panda: Alberta, yeah. For ASAP.

Mr. Carson: In a certain instance of it. So you are confident that you won't come back to us and say: apologies, but this actually wasn't for the betterment of the province. You have zero concerns with the use of public dollars in the future P3s. Okay. Fair enough. I'm very concerned.

Mr. Panda: I'm confident to address those issues you mentioned in other provinces. We'll consider all those things when we do our business case study and value for money.

Mr. Carson: All right. Thank you very much.

Now, in the 2018-19 capital plan under the NDP there was a commitment of \$2.1 billion for climate change and environmental sustainability initiatives. This included \$83 million to First Nations communities for infrastructure like clean, safe, reliable drinking

water. I'm just hoping that you can explain where in your capital plan we can see funds supporting this initiative.

Mr. Panda: Clean drinking water: on page 134, capital plan details, under municipal support there is a clean water and waste-water fund. I have to reconfirm about First Nations' involvement.

Mr. Carson: Fair enough.

Well, from what I can see here – the First Nations water tie-in program: now, we do see a reduction of that funding from \$24 million budgeted this year to only \$13 million in your budget. Could you explain why?

Mr. Panda: I don't think it's Infrastructure, but I'll ask the . . .

Mr. Carson: Well, it's in the capital plan. Fair enough. It's under municipal support. I do have concerns that there is a reduction in the First Nations water tie-in program. I mean, that is, I think, quite relevant to Infrastructure across the province, so I would be interested and I hope that you're interested to find out why that budget was reduced from \$24 million to \$13 million in your budget.

With that being said, I think that my colleague Member Dang had a few more questions.

Mr. Panda: It must be in Municipal Affairs or Transportation, actually.

Mr. Carson: Well, as I explained, it is under municipal supports, but I just think it's something that your department should be aware of in the fact that there is a great need to get water to First Nations communities, and it doesn't seem like it's a priority under this UCP government. Hopefully, you can bring that back to your caucus colleagues.

Once again, I would like to pass the rest of my time.

The Chair: MLA Dang, you have about five and a half minutes.

6:00

Mr. Dang: Okay. Thank you very much, Mr. Chair. Five and a half minutes is plenty when you talk as fast as I do.

Minister, I have a question about an affordable housing facility in Bridgeland in Calgary. I believe it's being operated by the Bishop O'Byrne Housing Association. Could you just tell me if that's on time and on budget?

Mr. Panda: Yes, but I have to confirm that with the senior . . .

Mr. Dang: Sure. Will it take some time? Maybe we can get that back in writing if that's a bit easier.

Mr. Panda: Yeah. But that's not directly my responsibility.

Mr. Dang: Yeah. I mean, of course, you monitor the builds, though, right? Perhaps we can see if it's on time and on budget and, additional to that, if there are any additional costs that may be expected with that project moving forward.

Mr. Panda: Okay.

Mr. Dang: Perfect. Thank you.

Mr. Panda: Just one second.

Mr. Chair, how do we table all that information?

The Chair: You table it to the chair or to the committee clerk. Also, it should be tabled in the Assembly as well.

Mr. Dang: Okay. Thank you very much.

I want to go back to P3 schools, and I know you spoke about how that's largely under Education. I want to quote from a question I asked the Education minister I believe it was two days ago here now. I forgot the exact date. I asked: "So how much money are we anticipating the private sector will have to invest in these schools?" That was the exact question I asked. Her response: "That would be a question to better ask Infrastructure." I asked that a number of times. I asked: how will we know how much the private sector will invest? The quote is: "Infrastructure will make the determination on how those projects move forward."

I guess my question to you is that the Education minister has referred me to you. Can you explain to me, on the P3s, how much the government is investing? Out of that \$397 million, \$382 million in the four years, for the five projects you've announced, how much are we putting in as public money, and how much are we expecting in private money?

Mr. Panda: When Minister LaGrange mentioned that, basically what she said is that she would give us the requirement of the school builds and that we'd determine which type of procurement is suitable. Basically, that's what she was saying.

To your point, assuming that we build all the schools under P3, how many private dollars are involved . . .

Mr. Dang: We know that \$397 million isn't going to be enough to build and modernize 25 projects. We know that some of that money will have to come from P3s, right?

Mr. Panda: Right.

Mr. Dang: Do you have a projection on how much that would be?

Mr. Panda: Not at this time, but we will undertake our own research, which will include conducting a feasibility study for each potential P3 project to investigate various options.

Mr. Dang: When you know those numbers – and maybe it's on a per-project basis, because I understand that those have to be negotiated per project and tendered per project – would you be able to table those amounts in the House for us?

Mr. Panda: I don't know if there is any commercial sensitivity in those agreements at this time, so I can't commit to that, but I can get back to you on that later.

Mr. Dang: Sure. Okay. I'll follow up on that again.

Mr. Panda: When we sign those contracts with them, if the contractor has objections . . .

Mr. Dang: I think it's just important for us to know because of what the public liability will be.

Mr. Panda: Right.

Mr. Dang: Obviously, there's a certain amount that we're going to be investing, and I think it's important that we know how much the public is paying up front at least, right?

Mr. Panda: Yeah.

Mr. Dang: Thank you.

Mr. Panda: I can say that instead of paying a hundred per cent, the public will be initially paying less, whether it is 50 per cent or less . . .

Mr. Dang: Okay. Yeah. I hope you'll be able to share, when those projects move forward, as much as you can around those contracts.

Mr. Panda: Yeah.

Mr. Dang: I have a question that's on a different stream here. It's around the removal of the Provincial Operations Centre from the capital plan. The POC has been eliminated completely from the capital plan. Could you explain to me why that decision was made and why it's no longer important to have an emergency operations centre?

Mr. Panda: Yeah. Again, it's Municipal Affairs who has determined that this Provincial Operations Centre will be delayed given the current fiscal environment. That's the decision they made. They said that they're not proceeding as previously planned, but . . .

Mr. Dang: Sorry, Minister. There was a KPMG report commissioned. I'm going to quote from the report here: the facility "is not an adequate solution" and is "past its useful life."

Mr. Panda: But Municipal Affairs are saying that they will ensure that the services will be delivered.

Mr. Dang: Right. It's a provincially operated building, and it's a government asset. Are you saying that in capital maintenance and renewal you'll be undertaking work to bring it up to spec, then, or are you saying that we're just going to leave it in the state it's currently in?

Mr. Panda: At this stage all they told us is that . . .

The Chair: Thank you. We have come to the conclusion of that 10-minute speaking block for the Official Opposition.

I now move to the government caucus. I recognize MLA Stephan for a 10-minute speaking block with the minister.

Mr. Stephan: Thank you, Mr. Chair, and thank you, Minister Panda, for being here today.

Mr. Panda: Thank you.

Mr. Stephan: I want to talk about the business plan for Infrastructure and, in particular, in terms of key objective 1.1, which speaks of introducing an Alberta infrastructure act. One of the purposes that is stated in the key objective for the Alberta infrastructure act is to "provide transparency on capital project prioritization criteria." Minister Panda, what I can say – and I think I speak for many Albertans – is that they are very tired of political parties and governments who use capital project investments for political objectives rather than focusing on the public interest and ensuring that our dollars, which are limited in these challenging times, are used to make sure that we are acting in a principled way, that we are making sure that the dollars are going to those Albertans who need it most in terms of capital needs.

What I'd be interested in hearing: in terms of this act, which I think is long overdue – it will serve the public interest in a very great way; there's great potential with this, Minister – how will this act help prevent governments from using capital projects, for example, to buy votes? I'm going to have a related question about that, but I'd like to kind of hear your vision for this act and how it's going to avoid some behaviour that in the past hasn't been in the public interest.

Mr. Panda: Yeah. Thank you, hon. member. Your question is very valid. I could hear that sense of frustration in different regions of Alberta. For example, when I come to central Alberta, I mean, in

Red Deer they say: "Why are all the folks in Calgary and Edmonton and in central Alberta the priority? Why is our hospital not the priority?" You know, I hear that. In the past governments have politicized that project selection and approval and prioritization process. I get that. That's why the United Conservative Party put it on our campaign platform to depoliticize that. We said that we'll introduce this Alberta infrastructure act, which will bring transparency to project prioritization and also provide predictable funding for the projects. We'd take politics out of that process and then do needs assessments.

But that's why, together with that, I'm also bringing in that 20-year strategy plan, which will be long-term planning based on evidence. You know, we look at the infrastructure deficiencies across the province, whether it is broadband or whether it is roads and bridges or school facilities or health facilities, and put that in the 20-year plan so that future governments at least are forced to be transparent.

Like, just before the election the outgoing government, in their dying days, announced projects without budgeting them through the proper budgeting process. I mean, it's not just one government. It happened that previous governments did that. To make a fair point, it's not just the immediate last government, but even before that it happened. We're trying to fix that problem by bringing in this infrastructure act, which will provide transparency and predictability to Albertans.

6:10

Mr. Stephan: I appreciate that. I think that will help restore some of the confidence that Albertans have in our government institutions.

Kind of related to that – and you had kind of alluded to it – I know that in central Alberta we really did feel that the prior government was neglectful and unprincipled in many of their capital project priorities. I'm wondering: leading up to the election, for the 2018-2019 period do we know the dollar amount of the capital projects that were announced by the NDP and where they were focused and located?

Mr. Panda: For example, the Edmonton lab hub facility was announced just before the election for \$600 million. That was one such example, but if you give me a few seconds, we'll try and get that information. There are other projects like that clinical lab hub that was announced. The problem was that in the past, when we were in opposition, we asked them to show us an economic impact analysis for all these announcements. Member Barnes can confirm that because he and I were in the House asking those questions. That's why we don't want to make the same mistake again. We want to bring in transparency and predictability. That's why we're working on that.

There is a list here, which I can share with you, through the chair, if you like.

Mr. Stephan: Yeah. I would appreciate that.

Mr. Panda: Going forward, that's the intention, to depoliticize this process and support all regions, whether it's southeast Alberta, central Alberta, to meet their current needs and future needs. That's why we want to look at that broader, 20-year strategic plan.

Mr. Stephan: Yeah. I think that in terms of percentages relative to population, the fear that many have in central Alberta and in other areas of the province where perhaps for political reasons it wasn't quite a priority for the prior government that there was some oversight there – I appreciate that this new act will inject objective and principled criteria. I think that will be a great legacy.

Mr. Panda: Yeah. Another point to make here is that we also said in our campaign commitment platform that if we formed government, we will actually adopt the capital plan of the outgoing government for 2019-23, which was almost \$25 billion in the next four years. We said that we will honour that, but within that \$25 billion in four years we said that we may reprofile some of the projects based on the cash flow and other things. But we are committed to spend that much money while we said that we will also bring balance to the budget in the fourth year of our current term. Also, we said that we will maintain funding for health care, education, social services, child care, seniors, and mental health.

So it's not easy. This budget process is about balancing the priorities and also the commitments. Albertans elected us because we told them that we will maintain the capital plan of the outgoing government, and at the same time we will also balance the budget. We had to consider those realities.

Mr. Stephan: Okay. I want to talk about another key objective that you have here. This is around objectives 1.4, 1.5, and 1.6 in the business plan. Most of those objectives, 1.4, 1.5, and 1.6, are somewhat related. It is focusing on ensuring that with taxpayer dollars, in terms of our capital projects, we do it in the most economic way possible. I appreciate your discussion about P3s. As I understand it from your ministry, if there's a business case . . .

The Chair: Thank you. That concludes that 10-minute speaking block with the government caucus.

We now move to the Official Opposition. MLA Dang, you may proceed.

Mr. Dang: Thank you, Mr. Chair. Minister, I just want to finish off my thought about the POC there. Obviously, there's quite a considerable deferred maintenance liability or something of this sort. Obviously, our government had intended to replace the building. Would you be able to tell us what that liability is and if you intend to use capital maintenance renewal money to bring that up to spec?

Mr. Panda: Are we still talking about the Provincial Operations Centre?

Mr. Dang: Yes.

Mr. Panda: Okay. I'm not quite sure if we have the answer at this time about the deferred maintenance on that building. If you don't mind, can I get Mr. Ridge to answer?

Mr. Dang: Sure. Yeah.

Mr. Ridge: Yeah. The approach that we take to all government facilities: each asset owner looks at the priority of continuity of business, the significance of that business. We can agree that the POC would be a significant continuity issue. In any prioritization of projects for investment in capital maintenance renewal, those types of facilities would generally be at the top of the list, and then they would be competing with other government office space, et cetera, which would be lower on the list. I can't speak specifically to what projects may be on the list, but in our prioritization process those are the types of facilities and the nature of the fixes for continuity that would be elevated to a high level of prioritization.

Mr. Dang: Okay. I mean, obviously, if we were to see something, forbid, like the Fort McMurray fire or the flood in 2013 again, that would be very tragic if we didn't have a functioning POC, right?

Mr. Panda: You made a very important observation. That's why, when I heard about that from Municipal Affairs, I confirmed with them. They assured me that the service delivery will be maintained. There will be minimum impact to service delivery.

Mr. Dang: Sure. Thank you.

I want to look at your business plan here, and I just want you to explain something for me. On page 103 of the business plan document, other revenue, you're estimating quite a significant drop-off. It's sort of the third, fourth line from the top of the page there. Could you explain to me why you're anticipating such a significant drop-off in other revenue for your ministry?

Mr. Panda: That revenue is comprised of a number of items, which I'm seeing here, but there is no change in the '20-21 target compared to the '19-20 estimate.

Mr. Dang: Right. But from '18-19 it's dropping by about half, right? I mean, that's pretty significant over one year. Could you explain to me why?

Mr. Panda: From '18-19? Just one second. The decrease was \$38.1 million. It's due to a \$21.2 million net gain on sales of surplus government land in 2018-19 and a \$8.6 million decrease in '19-20 due to the timing of funding expected to be received from Peerless Trout First Nation in 2019-20 towards the construction of the Peerless Trout First Nation school compared to 2018-19.

Mr. Dang: So it's largely real estate type transactions that are making the differences. Is that what I'm understanding? Okay.

I'm sorry; I'm going to go back to page 100 of the business plan, around the Alberta infrastructure act that you're going to be introducing and the idea of a 20-year strategic capital plan, which is key objectives 1.2 and 1.3. If you're releasing an annual list, when are you going to be releasing that? Is that along with the fiscal year, so you'll be releasing that along with the budget?

6:20

Mr. Panda: That annual report will be part of the province's overall annual report. The Infrastructure report talks about all the projects in the capital plan during that year, whether they're on time or on budget or all other information related to those projects on the capital list during that year. We want to be transparent with Albertans. That's why we're going to include that as part of the overall provincial annual report.

Mr. Dang: Right. When you release the annual report, there will be every year a 20-year capital plan, basically?

Mr. Panda: No. The 20-year strategic plan is different. This annual report is specifically talking about the status of capital projects.

Mr. Dang: Okay. Sorry. Yeah.

Mr. Panda: After this Grande Prairie experience, we don't want people to be left high and dry.

Mr. Dang: Right. So you'll be able to update on all the projects you're currently undertaking.

Mr. Panda: Right. During that year. Also, that will include the progress reports related to the announcements from previous years' capital plan regarding municipal infrastructure, provincial highway network and other transportation corridors, water and waste water.

Mr. Dang: Your performance metrics here, a lot of them deal with physical condition. I assume that would be deferred maintenance, basically. It will include that in your report as well?

Mr. Panda: The deferred maintenance and other information: in the capital plan, yeah.

Mr. Dang: Okay. It will include all that information, so Albertans will clearly see how we're doing in terms of the upkeep of our buildings.

Mr. Panda: Right.

Mr. Dang: Okay. That's good to hear, Minister. I look forward to the bill.

Mr. Panda: Thank you so much.

Mr. Dang: It's not every day that I look forward to a government bill here.

Mr. Panda: Hopefully, when I bring that bill, I want you to co-champion that together.

Mr. Dang: Let's not get ahead of ourselves too much.

I want to go back to page 103 again, just two pages down. In the asset management line it's fluctuating a little bit there, and with realty services it's fluctuating a little bit there. Is that just to deal with the different transactions that you're going to be making? Things like land sales: I know you explained to my colleague Member Bilous here about some of those online transactions that you're making for land sales. Is that all those expenses? The fluctuation is just those types of fees.

Mr. Panda: Sorry. It's page 103?

Mr. Dang: Yes, of the business plan.

Mr. Panda: Again, asset management?

Mr. Dang: Under realty services and asset management, are those fluctuations – it's a couple of hundred thousand dollars on each side, not even a couple of hundred. I think it's just tens of thousands of dollars on each side.

Mr. Panda: Right. Specifically to asset management, during those three years, 2021, '22, and '23, the targets decreased by \$24,000, \$24,000, \$66,000 compared to 2019-20 estimates due to the implementation of savings initiatives like hiring restraint and specifically to realty services.

Mr. Dang: When you say hiring restraint, how many FTEs are you talking about?

Mr. Panda: In total it is 48.

Mr. Dang: Across the entire ministry?

Mr. Panda: Right; 48, but mainly through attrition.

Mr. Dang: Okay. So you won't be filling, basically, anybody in the next four years through attrition. Is that it?

Mr. Panda: Again, depending on the critical – yeah, if we could find a suitable replacement within the department. We're trying to fill the gaps.

Mr. Dang: How much throughout the entire department do you anticipate those 48 FTEs will save you?

Mr. Panda: Is it \$4.8 million?

Mr. Dang: So it's a million dollars per staff?

Ms Flint: Sorry. A hundred thousand it would be.

Mr. Dang: It's \$480,000, so about a hundred thousand per staff. Okay. I was like: oh, a million dollar salary; I think I'm in the wrong business here.

Mr. Panda: I know. You're still young. You can still go private tomorrow.

Mr. Dang: Are you anticipating that it's going to be difficult for you to fulfill any of your duties if you're losing almost 50 staff?

Mr. Panda: No.

Mr. Dang: So you think those will be consolidated? Are the services going to be continued through your ministry, or are you consolidating with other ministries to do some of that work? For example, I believe it was in the '18-19 budget that tech support, IT support, was all consolidated to Service Alberta, right? Is that sort of consolidation happening?

Mr. Panda: It's a possibility.

Mr. Dang: Okay. So those determinations haven't been made yet.

Mr. Panda: No. We are collaborating on certain projects with the other ministries, like this procurement council . . .

Mr. Dang: Sorry. Let me back this up a sec, then. So you've made the decision to lay off, essentially, or through attrition, 48 jobs, but you haven't decided where those 48 jobs are going to be?

Mr. Panda: We know. And it's not lay off, again.

Mr. Dang: Sorry. Through attrition.

Mr. Panda: It's through attrition.

Mr. Dang: Yeah. Through attrition. Yeah. You've made a decision to eliminate 48 positions, so could you table which positions . . .

Mr. Panda: We're not going to fill those 48 positions with new recruits.

Mr. Dang: Right. If you know what those are, would you be able to give that to us, what those 48 positions will be?

Mr. Panda: Go ahead, please.

Ms Flint: Minister, they're primarily in our property management division, and that's where we have around 400 staff.

The Chair: Okay. Thank you. That concludes the 10-minute speaking block for the Official Opposition.

We now begin with the government caucus. There are just over three and a half minutes left. MLA Barnes, you may proceed.

Mr. Barnes: Thank you again, Mr. Chair, and thank you again, Minister. First question, around your key objective 1: your infrastructure act is going to provide transparency, establish predictable funding, and ensure adequate maintenance of existing assets. I remember an unfortunate incident about five years ago

where, I believe, a school in northern Alberta was on the Infrastructure list as good and turned out to have mould and a roof leak problem, so I'd like to hear a little bit from your department, going forward, how we're going to – you know, it's hard. I mean, you're dealing with people and infrastructure. But I wonder what your thoughts are on making sure that this list will be as accurate as possible.

Mr. Panda: Yeah. I'll mention to you that that was another campaign commitment, that we'll maintain the existing assets to the full potential of those buildings. In fact, the MacKinnon panel also commented on that. Before I turn it over to the ADM to answer around that – for example, this Leg. Building, if you look at that, there is some deterioration of the building, so currently we are fixing that, as you have noticed, because that's the most visited publicly owned asset.

Mr. Barnes: Good. Well, thank you for that. I'm very pleased to see that it's on your radar.

Mr. Panda: Right.

Can you give the specifics?

Ms Flint: Sure. One of the commitments coming out of the MacKinnon panel was to look at capital maintenance and renewal across all business lines, including Education, Health, and ourselves, and really look at: are we spending the money on the right areas and the highest needs? We'll be doing that work over the next several months and coming back with some suggestions for the minister to make sure that we don't have instances like that in Alberta.

Mr. Barnes: Okay. Thank you. I appreciate that.

Really pleased to see that the UCP government is committed to consistent high levels of infrastructure spending, but I'm also back to some parts of Alberta, how slow the economy is in different areas and how good of deals the government of Alberta may be able to get right now. Is the value for money or what we can get at all on your radar when it comes to determining priorities?

Mr. Panda: Yeah. Also, we are trying to use some of the federal funding, through ICIP, to spread those projects not just in Calgary and Edmonton but other places.

Mr. Barnes: Around Alberta. Get as much value as we can. Thank you. I appreciate that.

I guess, another kind of managerial question: if you decided to use a type of building project where the department itself was bidding and costing it out, would you have the resources in-house to hire our own government project managers, or would you look at project managers as independent contractors? Would you put that out to the Construction Association, the construction people?

Mr. Panda: Currently we have in-house professionals managing projects, but sometimes, based on specific project needs and specific expertise, probably we'd bring in some consultants.

Ms Flint: Yes. We do actually hire consultants when we do need them like that, cost consultants in terms of helping us deliver on projects.

Mr. Barnes: Okay. And there's quite a good availability? Is there a good supply of competent people right now?

The Chair: I apologize for the interruption, but I must advise the committee that the time allotted for this item of business has concluded.

I will remind that any written material provided in response to questions raised during the main estimates should be tabled by the minister in the Assembly for the benefit of all members preferably, if possible, before the vote on estimates in Committee of Supply on November 19, 2019.

I would like to remind committee members that we are scheduled to meet next on Wednesday, tomorrow, November 6, 2019, at 9 a.m. to consider the estimates of the Ministry of Labour and Immigration.

Thank you, everyone. This meeting is now adjourned.

[The committee adjourned at 6:30 p.m.]

