



Legislative Assembly of Alberta

The 31st Legislature  
First Session

Standing Committee  
on  
Alberta's Economic Future

Ministry of Infrastructure  
Consideration of Main Estimates

Wednesday, March 13, 2024  
10:15 a.m.

Transcript No. 31-1-4

**Legislative Assembly of Alberta  
The 31st Legislature  
First Session**

**Standing Committee on Alberta's Economic Future**

Getson, Shane C., Lac Ste. Anne-Parkland (UC), Chair  
Loyola, Rod, Edmonton-Ellerslie (NDP), Deputy Chair

Boparai, Parmeet Singh, Calgary-Falconridge (NDP)  
Cyr, Scott J., Bonnyville-Cold Lake-St. Paul (UC)  
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Elmeligi, Sarah, Banff-Kananaskis (NDP)  
Hoyle, Rhiannon, Edmonton-South (NDP)  
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\* substitution for Chantelle de Jonge

**Also in Attendance**

Deol, Jasvir, Edmonton-Meadows (NDP)  
Gray, Christina, Edmonton-Mill Woods (NDP)  
Metz, Luanne, Calgary-Varsity (NDP)

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## **Standing Committee on Alberta's Economic Future**

### **Participants**

Ministry of Infrastructure

Hon. Peter F. Guthrie, Minister

Dale Beesley, Assistant Deputy Minister, Properties

Dale Fung, Assistant Deputy Minister, Finance



10:15 a.m.

Wednesday, March 13, 2024

[Mr. Getson in the chair]

**Ministry of Infrastructure  
Consideration of Main Estimates**

**The Chair:** Hi, folks. We are officially started here. I'd like to call the meeting to order and welcome everyone in attendance. The committee has under consideration the estimates of the Ministry of Infrastructure for the fiscal year ending March 31, 2025.

I'd like to ask that we go around the table to have members introduce themselves, and if anyone is online, we'll flip to that. If they aren't, then I get to delete about half of my script going forward, so that would be awesome, too. My name is Shane Getson. I'm the MLA for Lac Ste. Anne-Parkland, better known as God's country out in these parts, and we'll go around the table and introduce ourselves, to the right.

**Mr. Wright:** Thank you, Mr. Chair. My name is Justin Wright. I'm the MLA for the charming constituency of Cypress-Medicine Hat.

**Mr. Cyr:** Scott Cyr, MLA for Bonnyville-Cold Lake-St. Paul.

**Mr. Yao:** Tany Yao, Fort McMurray-Wood Buffalo.

**Mr. Wiebe:** Ron Wiebe, MLA, Grande Prairie-Wapiti.

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

**Mr. Guthrie:** Peter Guthrie, Infrastructure minister. To my left is ADM Dale Beesley. To my right are Deputy Minister Mary Persson and ADM Dale Fung.

**Dr. Metz:** Luanne Metz, MLA for Calgary-Varsity.

**Mr. Deol:** Good morning. Jasvir Deol, MLA, Edmonton-Meadows.

**The Chair:** Perfect.

I don't see anyone online here today. Good. There goes half my script.

I'd like to note the following substitutions. Mr. Wiebe is in for Ms de Jonge. We also have MLAs Metz and Deol here today substituting for – oh, they're not subbing. This is good. We're just sitting in. This is perfect. Well, that makes it easy for me. Thank you very much.

A few housekeeping items that we have to read into the record. I apologize. They make me do it every single time, even the guys who always know the rules. The microphones: they're going to be run by *Hansard* here. Obviously, everything is going to be live streamed and recorded and in *Hansard* as well. The members participating remotely – we have none, which is great. Turn your cellphones off. Don't disrupt this meeting, if you wouldn't mind. Put them to silent or anything else that's the least annoying.

Speaking time and rotation limits. Hon. members, the main estimates for the ministry shall be considered for two hours. Standing Order 59.01 sets the process of consideration of the main estimates for the Legislative Assembly committee. Suborder 59.01(7) sets out the speaking rotation for this meeting. The speaking rotation chart is available for the committee members on the internal website, and hard copies have been placed in the positions where you're at to keep everyone in the room here online as well.

For each segment of the meeting blocks of speaking time will be combined only if both the minister and the member speaking agree. If debate is exhausted prior to two hours, the ministry estimates are

deemed to be considered for the time allotted in the main estimates schedule and the committee meeting will be adjourned. Should members have any questions regarding speaking times or the rotation, please e-mail or message the committee clerk about the process, or if you're in the room, wave your hand, and my colleague to my left: will definitely get his attention.

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

Points of order will be dealt with as they arise, and the individual speaking times will be paused; however, the block of the remaining two-hour overall meeting will continue to run.

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

Finally, the committee should have the opportunity to hear both questions and answers without interruption during the estimate debate. In other words, no heckling in here. Debate flows through the chair at all times, including instances when speaking time is shared between the members.

And just a little rule of order. What makes it really easy for everybody, the guys that have been here before: we have this here document called the strategic plan, we have a fiscal plan for this year, we have the ministry business plans, and we have government estimates. It'll be awfully handy if you refer to these documents while you're speaking, keep it to the topics at hand. We have found that decorum not only is maintained, but it doesn't gobble up the shot clock with points of order. Please reference that for the folks that are along at home and for the benefit of the chair.

The other thing, too: if it does get a little spicy, I will draw your attention back here. Oftentimes it just works to go through the chair. I nod and I smile with the best of them. You'll find a very entertaining and engaged chair at this end.

With that, Minister, I'll turn it over to you. You have the first 10 minutes.

**Mr. Guthrie:** Thank you, Chair. Great little introduction there. I appreciate it.

I'm pleased to present Alberta Infrastructure's estimates for the '24-25 fiscal year and our '24 to '27 business plan. With me at the table: Mary Persson, deputy minister; Dale Beesley, assistant deputy minister of properties; and Dale Fung, assistant deputy minister of finance. Also, in the gallery are my chief of staff, Bryan Rogers, and other fantastic members of our ministry team.

I'd like to begin by touching on a few key accomplishments our ministry achieved in this past fiscal year. I'm pleased to note that we completed construction of several projects, including 13 schools across the province, like the Kate Andrews high school in Coaldale and the St. Anne Catholic school in Whitecourt, as well as 17 government facilities, including major maintenance and renewal projects like the new Agrivalve Processing Business Incubator in Leduc, not to mention five health facilities such as the Misericordia hospital emergency department modernization in Edmonton, which opened to patients last December. All combined, this work represents 35 projects with an investment of over \$850 million.

We've also made significant progress in the Red Deer regional hospital expansion, one of our biggest projects ever. Furthermore, we recently closed the request for qualification stage on the

ambulatory care building for Red Deer regional. This means that industry has submitted their qualifications to deliver this part of the project by P3, and we expect to invite three shortlisted teams to participate in the request for proposals. We have also just completed schematic designs for the new patient tower and anticipate opening the request for proposals on this segment in the spring using a construction management contract.

I'm proud of the work our Infrastructure team is doing to deliver these state-of-the-art facilities. The volume and quality of workmanship is remarkable and is a testament to the department staff as well as our ministry and, of course, our industry partners.

Infrastructure supports thousands of good-paying jobs and provides an economic boost to our communities. Throughout the province Infrastructure is responsible for delivering capital projects worth \$5.7 billion, or almost one-quarter of the Alberta government's 2024 capital plan over the next three years. This is an increase of over \$330 million, or 6 per cent, from our previous budget.

The theme of Alberta's budget this year, A Responsible Plan for a Growing Province, is a key component of our infrastructure endeavours around capital investment. In fact, we feel that having a responsible plan is so important that we have budgeted \$135 million to be invested directly into project planning for schools, health facilities, and other structures. We know that diligent planning is critical to ensuring infrastructure is delivered on time and on budget. Taking the time up front for proper planning ensures projects are completed and ready for Albertans in a timely and cost-efficient manner.

You may have noticed that the Edmonton hospital has been reprofiled in the 2024 capital plan. It has been moved to take a broader look at social infrastructure within the larger context of public needs in Alberta. By "social infrastructure" we mean traditional health care in addition to mental health and addictions and seniors, community, and social supports. We will continue to build, maintaining our commitment to a solid foundation of stability and informed decision-making to improve the lives of Albertans.

Our 2024 capital plan includes \$88.3 million over three years for integrated health and social infrastructure planning. This work will position us to take a co-ordinated approach to planning social infrastructure. As we know, building a hospital like the Edmonton facility is a long and expensive process. Functional planning revealed an extensive scope, pushing the limits of our fiscal capacity. We're looking at options around a hospital that include purpose-built facilities like the new Stollery children's hospital, which will free up beds across 11 different Edmonton and area health units, as well as smaller focused locations such as surgical centres, continuing care facilities, and family care centres that are less complex and will deliver services to Albertans sooner. Additionally, we continue investing in relationships with our ministry partners to find opportunities that can accelerate construction timelines and ensure maximum value for every taxpayer dollar.

I'd like to pivot slightly to Infrastructure's estimates for '24-25, where we have almost \$2.4 billion being allocated for spending in this upcoming year. Of this total, the majority, over \$1.8 billion, is in the capital investment vote. This is an increase of \$488 million, or 35 per cent, from the '23-24 forecast. The increase is mainly the result of additional funding received to deliver approved school and health capital projects. Cash flows are also fine-tuned as progress is made from planning to construction, which can affect the timing of expenditures.

## 10:25

Funds in the capital investment vote align with the desired outcome 1 of Alberta's Infrastructure business plan, which is innovative, adaptive, and responsible infrastructure solutions that meet current and future provincial needs. This outcome reflects Infrastructure's role in the timely, cost-effective planning, design, and construction of public facilities that are necessary to support the delivery of government programs and services.

The majority of our capital investment is split between health and school infrastructure. Our health budget, at \$2.2 billion, includes \$20 million in additional funding for two recovery communities, planned for Grande Prairie and Edmonton, and nearly \$87 million in new funding for three health projects, including planning for a new renal dialysis unit at Richmond Road diagnostic centre to replace an existing facility in Calgary; planning for a new Stollery children's hospital in Edmonton; and delivering phase 2 of renovations for medical device reprocessing departments across the province. It also covers 54 major health projects already under way in planning, design, or construction such as the La Crête maternity and community health centre and Alberta's surgical initiative.

Our capital targets for school infrastructure are budgeted at \$2.1 billion over three years. This is almost \$450 million more than what was committed previously. Overall, Budget '24 provides new funding for 43 schools, specifically full construction funding for 12 school projects that had received planning or design funding in Budget '23 and full funding for seven new schools and planning or design money for 24 additional school projects. Furthermore, the modular classroom program is being expanded by \$25 million, bringing the total budget to \$50 million, ready to help meet enrolment needs. The total funding also covers 55 projects that were already under way as of December 2023 in varying stages of design and construction.

Infrastructure's capital budget also includes \$590 million over three years for government facilities and accommodation such as the Red Deer justice centre correctional facilities planning and the Yellowhead Youth Centre in Edmonton.

Finally, Infrastructure's capital plan has \$878 million for capital maintenance and renewal to keep our existing government-owned health and school facilities in good working condition. Over \$500 million of this amount will be used to cover the cost of repairs, upgrades, maintenance, and replacement of building systems and service equipment for various health facilities.

Now, looking at Infrastructure's '24-25 expense vote of \$495 million, we see an increase of almost \$18 million, or 3.7 per cent, from '23-24. This difference is mainly due to additional funding for increasing facility operational costs to manage government structures. About 90 per cent of all operating expense is devoted to management of government space, the most significant components being leases and property management, noting that much of this budget is contractually committed.

The expense vote primarily supports desired outcome 2 of Infrastructure's business plan, which states, "Alberta's public infrastructure is effectively and responsibly managed and sustainable." This desired outcome reflects our ministry's efforts to effectively manage government-owned and -operated facilities with a focus on sound financial stewardship, a commitment to quality, and efficient use of government assets. Overall, the expense budget covers funding for day-to-day operations of more than 1,500 Infrastructure-owned or -leased buildings as well as operation of the Swan Hills Treatment Centre, management of leased space to meet government program needs, and staffing to support these activities.

My ministry remains committed to providing value for Albertans. We will continue to follow through on our business plan outcomes, and we will work with our government and industry partners to ensure sound delivery and care of priority infrastructure that, in turn, helps us support Alberta's responsible plan for a growing province.

If I have any time left – actually, I have five seconds, so I won't continue anymore. Thank you for that.

**The Chair:** That was perfect time management, Minister. Well done.

We also had another member join us. If you just want to introduce yourself for the record as well.

**Ms Gray:** Good morning, everyone. Christina Gray, MLA for Edmonton-Mill Woods.

**The Chair:** Feel free to brag up your constituency. We did the usual things at the start as well.

We will turn it over to the Official Opposition now. You have a 50-minute block. Your choice, of course, with the minister, if you agree, whether it's block time or back and forth.

**Mr. Deol:** Minister, would you like to . . .

**Mr. Guthrie:** I'll go block.

**Mr. Deol:** Okay. I have 15 minutes, then?

**The Chair:** No. The way it works here – 10 minutes, I believe, is how it works.

**Mr. Deol:** Ten minutes back and forth?

**The Chair:** No more than 10.

**Mr. Deol:** Ten? Five?

**Ms Gray:** You get 10, and then he'll have 10 to respond.

**Mr. Deol:** Okay. Thank you, Mr. Chair. Thank you, Minister, and thank you, deputy minister and both the ADMs. I really appreciate it, you being here and preparing all the work on behalf of Albertans. And I just wanted to say once again, you know, that all the questions I have in my mind are on the plan. Nothing personal. They're all on behalf of Albertans, including my constituents, so that they can have information and clear knowledge: what is in the plan, what is in the budget relative to, according to the needs in the community and the thoughts in their minds. Thank you.

I'll begin asking questions around capital planning. What I see on page 5 of the 2024-27 capital plan, detailed by the ministries: the planning budget for Edmonton courts. Now, it looked to be drawn into two years instead of one, so it seems that the planning has been delayed to two years now. So my question will be around if the minister could confirm if the planning on Edmonton courts has been delayed.

On the same page I see that the Calgary Correctional Centre CCTV upgrades are looking – either they are delayed or extended. Last year's capital plan had only one year of funding. That was about \$5.5 million for the 2023-2024 budget on last year's capital plan. Now it's on the books, and you see it is \$1.5 million for 2024-2025. This is a huge gap of the funding. So I would really appreciate if the minister can explain about that.

Kananaskis emergency services centre: it seems like that's also delayed to this year and the cost, it seems like, increased. It was budgeted \$4.7 million for the last capital plan, but it is \$0.8 million

for this year's 2024-27 capital plan. If the minister can explain, like, why it was not spent or completed, the project, in the last capital plan and why it has been extended or delayed or if the cost has increased due to the delaying of this plan. Most of the questions are on page 5 of the 2024-27 capital plan.

Another line item shows the land purchases totalling up to \$30.2 million over the three-year plan. An explanation on this will be very helpful. If the minister can tell me what lands the government is looking to purchase. It just says "land purchases." There's no detail.

A lot of questions on the Red Deer regional hospital centre. First of all, thank you for, you know, announcing the expansion to the regional hospital. That is much needed, and people have been waiting for many years.

**10:35**

My question in all this is, like, that the government has decided to go, you know, through a P3 model. In 2014 we had information that the Ontario Auditor General found that private-public partnerships, or P3s, as I mentioned before, cost the province \$8 billion more over the previous nine years by handing the responsibility over to the private sector. The report found that the main driver of the cost was that the private sector pays more financing than the public sector, about 14 times as much. Is the minister aware of the higher cost for P3s, with the main driver being financing costs?

Alberta's Conservatives have terrible track records. They did build a lot of P3 projects, a record of using P3s, schools as an example. Basically, everything was driven by ideology. They have tried to use P3s for schools a few times now, and they have all failed as models. A lot of information is available.

In 2019 former Infrastructure Minister Prasad Panda announced that the UCP would build 24 school projects through the P3 method. In 2021 the UCP government issued a press release lauding the benefits . . .

**The Chair:** Member, I know you're on a roll and I know you're going to try to bring it back, but let's keep it within the calendar year, and let's make sure that it's on topic. We don't want to inflame anything here.

**Mr. Deol:** Yeah. I'm bringing it back.

**The Chair:** Okay. Bring 'er on back, and we'll give you some more rope. Thank you.

**Mr. Deol:** Sure. Thank you. I'm coming back to the budget. You had \$800 million, then when you go on the website of Alberta Health Services, you see a difference of gaps. That's where I'm coming to, right? Coming back to 2021, the UCP government issued a press release lauding the benefits of P3 models for schools. Five new high schools were announced as using the P3 methods, with total student capacity of about 7,000. This bundle of P3 schools cost Alberta \$300 million according to the Canadian Council for Public-Private Partnerships, but a year later, in 2022, the Infrastructure Minister Neudorf cancelled the next bundle of P3 schools, saying that money, though very important, is not the only consideration; there are other considerations that we want to adopt in this process and give a valid source.

My question on this: what are those other considerations that Neudorf was talking about? I wonder if the minister had time to go over that? They had those concerns. And if the minister had, then what were those, if you can explain? How did it impact your decision-making going through P3 models when you see, like, you have \$800 million for the Red Deer project? The website says,

moving on to that project, that it is \$1.8 billion, the Red Deer regional hospital centre redevelopment source.

Can you explain, like – because the UCP has abandoned, after the 2022 announcement of the then Infrastructure minister, the plan of Calgary Deerfoot Trail. They abandoned a number of other P3 models they were going through. They cancelled it. There is an \$800 million to \$1.8 billion cost difference showing on two websites. I would really appreciate it if the minister can provide the information. What was the then minister's consideration? And if you have consulted him, if anything was on the record and you have gone through it, what have you learned? Why were those other P3 models under the previous ministry cancelled and we're now going back to the same model that was deemed to cost the public sector more? Then we gain much less going through this model.

If that is the cost, that is costing us the south Edmonton hospital. Now what we have seen, since the government is investing in the Red Deer regional hospital centre, is that we have lost a project that was going forward in south Edmonton. So it is giving the impression that that was only focused on for the then MLA and the former minister's portfolio to win his seat. Since he's not at the table anymore, that project is gone.

Thank you, Minister.

**The Chair:** That ends your time for now. It'll come back to you.

The minister has 10 minutes. Since I gave the member lots of latitude to refer to those other items to get his point, Minister, I'll afford you the same latitude if you need it.

**Mr. Guthrie:** Yeah. Thank you. I'm going to need a little bit of back and forth because I need to get some clarity just on your initial cash flow questions. There was the Edmonton courts. Is that what it was?

**The Chair:** At this point, Minister, you can't have the back and forth.

**Mr. Guthrie:** I can't?

**The Chair:** No. Onesies, twosies, you already chose. You will have to save that for the next block.

**Mr. Guthrie:** Okay. All right.

**The Chair:** Unless you wish to change your mind when it's the member's next 10-minute block.

**Mr. Guthrie:** I'll just make the comment, then, that perhaps if I could get the page number and get clarity on it. It was the Edmonton courts. I missed the second one, unfortunately.

**Mr. Deol:** The 2024-2027 capital plan, page 5.

**The Chair:** The chair is being very bendy. The clerk is going to kick me out of the table here next, boys.

**Mr. Guthrie:** I'm just leaving it for the next block. Speaking through the chair, Kananaskis, I think it was the emergency centre. I want to get clarity on that. I'll put that out there.

I think the biggest element there was the P3 discussion, so I think what I'll do is start chatting a little bit about the ambulatory care at Red Deer hospital. The Red Deer hospital ambulatory building is, you know, part of the wider Red Deer regional hospital redevelopment project and is being delivered through P3 but not the entire project being done through P3.

In the '24 capital plan this project is funded through the main Red Deer regional hospital overall project budget of \$1.8 billion. As part

of the wider development the ambulatory building is a stand-alone multistorey facility of approximately 19,500 square metres with over 200 parking stalls below ground. It'll provide medical and clinical support services, including addiction, mental health, ambulatory procedures, and diagnostic imaging for the Red Deer community. As part of the Red Deer ambulatory site establishment, final approvals have been received for obtaining the parcel of land previously owned by the city of Red Deer. The ambulatory building is expected to be complete in 2029.

The setting of technical requirements with AHS began in June 2023 and is being finalized for inclusion in the upcoming request for proposals. In November 2023 this project was approved for a P3 using a design/build/finance/maintain delivery model. On January 16, 2024, Infrastructure posted a request for qualifications to build the ambulatory building using this approach. That RFQ closed February 29, and three submissions were received. Evaluations are currently under way. Once the evaluation is completed, a request for proposals is planned to be issued for May 2024.

Notification of the preferred bidder is targeted for March 2025 with financial close in May 2025. It takes a long time to work through the material, but once the award is finalized and a design/build/finance/maintain agreement is fully executed, a firm construction schedule will be put forward.

Now, throughout this project Infrastructure will continue to explore options to expedite the procurement and try to accelerate timelines. Infrastructure is currently working to standardize some of the elements of construction and do some streamlining, but as we had discussed – we have had this discussion a couple of times in QP on P3s, but it's probably important that we continue that discussion.

**10:45**

P3s: they are a proven commodity. They're used all around the world to deliver projects. They're used across Canada; they're used across the U.S., Europe. This is a very common delivery method, and it's one where it doesn't matter where you are on the spectrum as far as a government. If you have any kind of fiscal responsibility, this is a method that you don't want to eliminate from your, you know, holster of things that you can use and deliver on. Alberta taxpayers deserve to get the best value for their buck and for their investment dollars, and ignoring this tool would simply just be an error.

P3s help us to make the best use of limited taxpayer dollars. Since 2004 Alberta's government has successfully used the model to invest over \$8 billion across the province on 11 major capital projects, including schools, highways, a waste-water treatment facility. On a net present value basis the value for money for these projects has saved \$3.4 billion for government when compared to more traditional methods. You know, I feel, anyway, that we have an obligation to look for the best value for our investment. I'm an engineer, so I'm always looking for data, looking for numbers when I'm making my decisions, and I try to stay agnostic towards the type of delivery model, just whatever is going to provide us the best value and get us there as quickly as we possibly can while maintaining quality, because we're not willing to sacrifice there.

In the last 15 years we've delivered or are in the process of delivering 45 schools in this fashion. We have an award-winning P3 that's currently under way for five high schools, and all of these schools are going to be coming in on budget and on time. All of them will be finishing later this spring, which I think is fantastic. That little package there alone: that is going to save taxpayers over \$100 million. You know, from an award-winning perspective, I think it's worth noting that in October 2022 this bundle had gotten the best education and higher education project P3 award out of



New York. That's us here in Alberta. Then in November of the same year there was a gold award for project development from the Canadian Council for Public-Private Partnerships.

You know, we expect the construction on this bundle to be, as I mentioned, completed later this spring. This is going to include – and they're all high schools. These are some of our more complex schools. This includes schools in Blackfalds; in Edmonton, of all places – Heritage Valley in Edmonton – in Langdon, down in Rocky View school division; and in Leduc, south of Edmonton. Along the way one of the things that we wanted to do was create jobs. We went through this pandemic, and we were really wanting to get people to work, and this is one way that we did it. There are 1,700 construction jobs and over 6,000 student spaces that were filled here. There are seven more schools, actually, that we are going to be procuring by this method later this year. Improvements have been made around speed and effectiveness and maintenance of P3s. Maybe what I'll do is save some of that because I have a feeling – I don't know – it might come up again in a subsequent block.

Dale, if I could pass it over to you maybe here – we only have 30 seconds left – to talk a little bit on those cash flows.

**Mr. Fung:** Thank you, Minister. The question was regarding the Edmonton law courts, where on page 160 of the fiscal plan it showed \$1 million in 2024-25, \$2 million in '25-26, for a total of \$3 million. The business case was completed in 2009 to address capacity issues in the building. Budget 2022 provided funding for project planning, and in the fall of 2022 Infrastructure awarded the contract to Stantec to provide a new planning study and business case to address the current and future needs of the Edmonton law courts.

**The Chair:** That 10 minutes goes fast.

Back to the loyal opposition. I would throw it back to the member. If you wish to ask for combined time, I'm sure the minister has another ear there that you might be able to whisper into.

**Mr. Deol:** Thank you, Mr. Chair. Minister, would you like to go shared time? It's your option.

**Mr. Guthrie:** Well, let's keep it block, I guess.

**Mr. Deol:** Okay. Thank you, and thank you for your answer. Some of the information, you know, in your answer I would really appreciate more clarity on. As per the capital plan, it is viewed that the government is intent to build or expand the Red Deer regional hospital centre in the next three years. Listening to the answer, I hope I heard very correctly that the minister said that the bids from the P3 proponents will start coming in by March 2025, something like that.

My question to the minister. According to the plan and your answer, I just wanted to ensure: what is your timeline for the completion of that project? Do you think it will still be completed within the next three years? The P3 model, as it's viewed – as you said, the beds will start coming in 2025 – will also impact by, as generally happens, delaying the project. Nevertheless, if the minister can inform Albertans about this project, about the Red Deer regional hospital. The build uses the P3 method. Would it be, like, the entire \$1.8 billion that will go through the P3 model, or is this a portion of it, a part of it? If the minister can explain. The whole budget of \$1.8 billion: is it going to go through the P3 model, or are only parts of that project going through the P3 model?

Hospitals are, you know, complicated infrastructures. On the P3s, I have a lot of questions I have mentioned already. In the past they cost taxpayers much more than using traditional procurement

methods. I have a lot of sources to back up that argument. The government's own minister from then actually admitted that and recognized that.

One of the questions I have around generally the P3 models, most of the P3 models – I have concerns. Like, who's going to own what? Many of the P3 models in the past ended up investing public money, but they were not owned by the public sector. In this case, if the minister can confirm or explain if this project will be owned by the public sector, if we're going to go ahead.

**10:55**

The other thing the minister can do as a very nice service to Albertans: if you can commit to releasing the value-for-money report by the end of the project, that would be very helpful. It will address a lot of questions, concerns I'm raising and that people are raising around it and the government's understanding, like, if they're still, you know, determined to pursue this. According to my knowledge there are a lot of concerns. The previous government cancelled their idea of going with P3 models for schools, but hospital projects are much more critically in need, like, when you look at that. The government chose to go back to the P3 model on this critical infrastructure of hospital expansion. It would be helpful if the minister would commit to raising the value-for-money report by the end of the project.

The other thing that may surprise many Albertans is that unsuccessful proponents are awarded an honorarium for bidding on P3 projects. For the Red Deer hospital project, for example – I'm just citing an example – somebody paid unsuccessful proponents \$1.5 million each. That is the information. I have looked through the Public-Private Partnership Framework and Guideline for Alberta. On page 52, line item 6.8, under Honoraria it explains: "The Service Delivery Ministry may pay an honorarium to the unsuccessful proponents who submit a compliant final submission to partially offset their pursuit costs."

If the minister can tell Albertans how much was paid to unsuccessful proponents for the Red Deer hospital. Can the minister provide us with a total amount paid to all P3 projects since 2019 if he has the information – if you cannot right now, that is fine; you can send me the information also in writing – including all P3 school projects, the failed Deerfoot P3 project that was withdrawn, you know, that was initiated through P3 but then withdrawn, the southwest Calgary ring road, and so on? That was another project, you know, that was initiated through P3 but then withdrawn. That project, then: how much is expected to be paid this year, and where is that accounted for, the budget line item? That would be helpful.

The next question I have is coming from page 135 of the estimates for Infrastructure. It shows the total capital investment for last year, 2023-2024, to be \$1.69 billion, close to \$7 billion, yet the forecast on the same page is showing that spending was only \$1.36 billion. That is a big difference of \$330 million not being spent but budgeted. My question to the minister is: why did the government announce capital spending only to cut it or it not being spent? Which projects were cut or taken back, and what was the reason the government did not spend that money? If you can list the projects, that would be helpful, if you have information about the projects: if they were delayed or they were shelved or they're on the agenda of a future budget. That would be really helpful, because \$330 million out of last year's budget was not spent.

Also in the estimates, page 138, it is cutting, like, \$1.56 million from health facility infrastructure under operating expenses. This is line item 2.2, page 138, of government estimates. That is a sizable cut amount of just over 33 per cent of this funding for the planning, design, and delivery of health capital projects in partnership with Alberta Health Services and the Department of Health. That's quite

a bit cut to the funding. Can the minister explain: is this due to the wrong decision-making, by the UCP breaking their promise to build the hospital in south Edmonton? How much is budgeted for this year to reclaim the site where the Edmonton hospital was supposed to be built?

The operating expense for line item 3.1, property management, went over budget last year. There was, like, \$203 million budgeted, but the forecast spending is, like, \$10 million more than that.

**The Chair:** Time is up; 10 minutes goes really quick.

Minister, back to you.

**Mr. Guthrie:** Doesn't it?

Okay. I'll try to hit on a few of these points. The ambulatory care completion is going to be in 2029.

The honoraria that you're talking about: that is built into the budget, and it is part of the process. You know, we bring in the proponents early on, and we work together to develop the project along. As you know, as I was saying there, May of 2025 is when it'll be awarded, so we're working together for the better part of a year. It makes the project better by having all of that early collaboration, but whoever we're working with, whoever that proponent is: they do need to get paid for their time. But we have cost savings along the way because of that working as a consortium. As far as disclosing that information, we don't have a contract yet, so I can't tell you what that honoraria is going to look like, but I can tell you that after the project is awarded, all that information will be released at that time. Of course, it has to be disclosed, but I just don't have the information for you now.

The Kananaskis emergency centre that you had mentioned on the last go-around: there was some minor repair work that was remaining just due to seasonality, around a million dollars for some deficiencies – I think there was a little bit in siding – but it's a completed project. That should alleviate your concerns there.

You had also mentioned the ring road; that is in the purview of transportation and in tech. I do have a little bit of cost-benefit information here that I'll let you know about a bit later, but as far as details around those projects: I don't have that, but I can give you a little bit of info on it.

In the previous block you were asking about land sales. I've got a little bit of information here. Client department acquisitions for Arts, Culture and Status of Women and Forestry and Parks include Lois Hole, Balzac archaeological site, Boss Lake campsite, Hardisty bison pound, Grassy Lakes and Stammers medicine wheels. There's Red Deer River valley, some stuff – well, Red Deer River valley piece. Yeah. Total projects estimated to be at about \$11.4 million. So that's what's coming.

Now, as far as the aspect around our policy on sales, I'm going to turn that over to ADM Dale Beesley for some follow-up.

11:05

**Mr. Beesley:** Good morning. When we're looking for a site to acquire for land, what we will do is that we will engage with stakeholders, who could include municipalities, GOA departments, to identify any regional geographical needs for what's required. This can include the acquisition of a property for a school, hospital, courthouse, as some large examples, but there are also small examples like acquiring a small portion of land to expand a road, working with Alberta Transportation and Economic Corridors.

Specifically, when we look to acquire a chunk of land, we try to balance the needs of the program and achieve the stewardship of public funds. For example, is the area serviced, or are there tying lines up to the servicing line? At times we can get creative and

exchange lands and do land swaps with municipalities, which in effect is like trading land that is deemed surplus by the GOA. Just for context in terms of surplus sales, we did \$49 million in surplus sales last year.

**Mr. Guthrie:** Okay. Thank you.

On the property operations question on the \$10 million increase from '23-24 budget to forecast, it's due primarily to the higher cost of day-to-day management of government facilities as a result of inflation on total property management contracts.

Now, from the P3 perspective we were talking to or referenced, you had asked about dollar savings. I think you had flipped it, that we weren't saving any money. You know, I can say that actually very few of our projects do go through to P3. We evaluate all that are \$100 million or over, and where schools are concerned, sometimes we have to bundle to get to that level. At that \$100 million and up we evaluate all projects and look for what would be the best financial tools to be able to deliver that and the best methodology to use, the delivery method. It's not random. We go through a financial process of balancing and figuring out what is the best method. When we get that, we're comparing to those other delivery methods. That's what I'm about to read to you, some of that information, and our savings.

The Anthony Henday – you asked about some of some of the transportation projects – that one was a P3. The bid was \$493 million, and the savings value for money on that one was \$4 million. Now, the Stoney Trail, that one, the bid was \$650 million, and the savings were \$350 million. It makes it awfully difficult, when you're looking at another delivery method, to leave \$350 million on the table. Another one here with Anthony Henday. This is the northwest segment; \$1.4 billion was the bid and a \$200 million savings, 12 and a half per cent. Back to Stoney Trail. The southeast portion: that was done by P3. The bid came in at \$769 million, which was an astounding billion dollars in savings. The northeast Anthony Henday came in at \$1.8 billion. It was a \$400 million savings, or 18 per cent.

We did 18 schools, total value \$634 million, and that had a savings of \$97 million. There was another 10-school package, \$253 million bid, \$105 million savings. There was another package of 12, \$289 million by bid and \$43 million in savings, 13 per cent. The Kananaskis water treatment centre: that one was a \$60 million bid, \$2 million in savings. The southwest Stoney Trail: \$1.4 billion project that had a billion dollars in savings, \$1.06 billion in savings, by going through a P3. In '20-21 the five-school high school package, as we discussed earlier: \$300 million bid, saving 114 and a half million, 27 and a half per cent. So you can see that – okay – there are a couple of them that were fairly narrow, but many of these are in the, you know, 15 per cent plus to 30 per cent plus savings. Leaving that kind of money on the table, I think, is just not good use of taxpayer funds. I mean, it's obviously something that's in our policy and is going to remain in our policy.

You had asked about health facility infrastructure and the \$1.6 million decrease from the '23-24 budget. This is primarily due to project scheduling and cash-flow requirements for health care facility planning. It also partially reflects a wind-down of planning funds that are general in nature as planning funds attributed to specific health facilities are now budgeted and reported under the capital investment vote. It's very, very common in Infrastructure to be moving cash flows. You know, you set out with a game plan early on as to when you're going to distribute the funds and where you will be in the schedule. Sometimes you have to get into the project or up to the project, go through that planning stage to be really able to...

**The Chair:** And the 10 minutes is up.

We have eight minutes and 57 seconds remaining in the block. Back to the opposition. Just be cognizant that if you use that full time, then the minister won't have a chance to reply to you. Not to coach you, but it's up to you.

**Mr. Deol:** Yeah. So a four-minute question?

**The Chair:** No. You're good for the remaining. It's just up to you how you want to manage your time.

**Mr. Deol:** Sure.

Thank you, Minister, once again for your answers. Some information from your answers – I was trying to catch up and take a note on those. The timeline of the Red Deer regional hospital project completion is, like, 2029, five more years to go.

The other thing I just asked – like, the minister, I think, has clarity at this stage, and that is about the ownership, the question I have. How would the ownership be? Is this a private company that owns the facility after completing it, the control of operations? In the past we have seen that in P3 schools, in the P3 model, the staff was not able to take control or charge of operating the facilities in many cases, like when they wanted to use heat or AC or something else. They were not allowed. So who's going to control it? Who's going to own it, and who's going to control it? I would really appreciate that information.

We have seen through the evidence that private deliveries do have impacts on that. Like, the minister, I know, understands a very different way, and I can agree to disagree on a lot of information that came in this way. A handful of information says that the projects being through P3 ended up being very, very costly, and the ownership is also another trouble on this. And the value-for-money report, right? The money value report: I know this is not something you will have right now, but if you can commit to it, that would be very helpful for the confidence of the people who are, you know, really concerned about this project, if we have that when that is due, basically.

I have some more questions from your answers. Let me see if I do. Okay. I'll go back to line item 3.4, accommodation projects, in the budget. That was budgeted at \$5 million for the last fiscal year, but the spending was only at \$1.5 million while the next fiscal year's spending will be \$9 million according to the budget, right?

11:15

Can the minister explain this wild fluctuation in this budgeting and spending on this operating expense? It's a huge difference that was not even spent, like, not even 30 per cent of the budget of last year. That was also very low, and now the budgeting is, like, double the amount or maybe seven, eight times the forecast of last year. So what is this fluctuating around that line item?

The department capital acquisitions: I have a question around that. That is on page 139 of the estimates in line item 2.1. Government-owned infrastructure was budgeted at \$167.7 million in the 2023-2024 budget while forecast spending is coming in much, much lower. It was not spent. Only \$96 million was spent out of the \$167.7 million budgeted for it. Why is this such a big discrepancy, and where is the discrepancy? If the minister can explain it, that would be really helpful.

There was an unbudgeted increase, about \$2 million, in line item 3.2 on the same page. That is related to the Swan Hills Treatment Centre.

Minister, I will cede my time to you so you can answer these questions. Sorry about that; I took more time there.

**The Chair:** No problem.

Minister, the member has ceded the remaining block time to yourself for any responses.

**Mr. Guthrie:** Sounds good. All right. There was quite a bit in there, again, on P3s, so I want to maybe just discuss here a little bit about what's going on as far as how we've worked with the school systems as well as the CMR element that you brought up. Over 99 per cent of the time Alberta P3 schools complete maintenance on time, and when they don't, of course, there are financial penalties for that. I can tell you that in 2020 there was a comprehensive lessons-learned exercise with school jurisdictions related to the Alberta schools alternative procurement P3 program, and changes were made in response to feedback.

You know, we're listening. If there was some dissatisfaction, we wanted to be able to get together, be able to have a discussion that, one, there are some misconceptions that are out there and then, two, that we want to be able to hear those concerns and react to them and work in a collaborative way. So that's what we did early on here. The response and feedback that we got included technical design requirements created with school jurisdictions, school jurisdictions being included throughout the process, including design reviews, site visits, and construction management meetings. Changes were made to key contract documents to allow minor modifications, decorating, and timelines for Infrastructure response. Operational improvements were made through contract management during the maintenance and renewal period. So we're listening. We continue to include school jurisdictions in the overall project development and are working diligently to ensure partnerships happen and that they're feasible, including upcoming school projects that we have in Okotoks and Glenridding.

Also, in late 2022 we took it a little bit further. Infrastructure initiated an independent review to assess the historical performance of P3s and further refine the P3 process. I mean, that's part of what any good organization does. You're always looking to improve.

**The Chair:** With that, it concludes the first block.

We're now over to the government MLA caucus block time. Is there any member wishing to speak?

**Mr. Wiebe:** Hi there.

**The Chair:** MLA Wiebe.

**Mr. Wiebe:** Thank you, Mr. Chair.

**The Chair:** Do you have a preference for block time or shared time?

**Mr. Wiebe:** Yes. I'd like to get shared time if that works for you, Minister?

**Mr. Guthrie:** Sure.

**Mr. Wiebe:** All right. Well, thank you, and thank you, Mr. Chair. I'd like to thank the minister for being here today and answering some questions regarding infrastructure projects with school facilities and the capital projects that are coming up. As we all know, Alberta has a booming economy. Alberta is the best place to live, work, invest, and raise a family. Because of this, Alberta has seen significant growth, and with that has come an increased need for new and modernized schools. In Budget 2024, on page 2 of the capital plan, Alberta's government is investing \$2 billion over three years in school facilities. Can the minister explain how many school projects are under way in the province right now?

**Mr. Guthrie:** Thanks, MLA Wiebe. Well, the \$2.1 billion over three years in the 2024 capital budget represents an increase of \$46 million, or 28 per cent, compared to the previous capital plan, which was also an aggressive plan. Overall, funding provided for schools will support the planning, design, and construction of 98 new schools and modernizations across the province. Of these, 67 school projects are active and in the following stages. We have four in planning, 31 in design, 28 in construction, and four projects are in postconstruction. Of the active projects, Infrastructure is delivering 63, and the remaining four are delivered by the school jurisdictions. Naturally, those others, the differential there: they'll come into the fold now that we've had them announced.

**Mr. Wiebe:** Do you know how many of these projects will be completed by the end of this calendar year?

**Mr. Guthrie:** Yeah. There are five projects that are currently under construction that will be completed by the end of the spring, plus an additional three projects where new schools will be completed and moved to postconstruction status while some demolition occurs on the old school, for a total of eight. The five projects that are going to be completed: the secondary school that's in Blackfalds, Whiskeyjack school in Edmonton, McCaffery Catholic high school in Edmonton, a 7 to 12 school in Langdon, and a secondary school in Leduc. Then we have those additional three projects, one of which is in Fort Vermilion; Harry Balfour in Grande Prairie, which, actually, my wife taught at on her very first job out of university – we were living up in Grande Prairie for a couple of years and really enjoyed that time, by the way, in that neck of the woods; they get a lot of snow up there – and then Manning Aurora composite high school in the Peace River school division.

Over the last four years Infrastructure has completed over 70 new or modernized schools across the province, and we're looking forward to building more.

11:25

**Mr. Wiebe:** Well, I appreciate that answer.

My next question has to do with the current bundle of schools that's being delivered using the P3 model. The P3 model we've heard a lot about today already. I just want to remind us of the Grande Prairie hospital, that was not built via P3. I had hair when that project began. It was incredibly painful to drive by that hospital for years and years, with the main major contractor being fired and getting a new contractor in place. Things don't always go well either when it's not a P3, just for the record. The question is: how many schools are being delivered via the P3 model?

**Mr. Guthrie:** Yeah. I know the same as you on that hospital. I don't have a lot of in-depth knowledge on it. What I do know – and I think this relates – is that when you don't plan, when you try to simultaneously plan and design and build, when you try to do all of those things at the same time, that is the result. Taking that time up front – I know a lot of people don't see the activity on the site. They don't see that shovel in the ground. They don't see that backhoe going out there. Then they're uptight that there's nothing happening with the project. There is lots happening with those projects behind the scenes. You know, our chair here worked in the construction industry. He knows how much time and effort goes in up front before you start any construction project. If you don't have that, if you come out of the gate disorganized, you're going to have cost overage, and you're going to have schedule issues. Yeah. That's sort of the poster child, I think, for that.

To your question, in May 2024 we'll be completing the latest bundle of five schools. This project is on time and is saving taxpayers \$114 million, as I brought up a couple of times

previously, compared to that through traditional methods. It's worth noting that this bundle has won awards. You know, we've got to be proud of that, be proud of our record. With Alberta's population growing, there's even greater need to deliver schools, with a focus to deliver multiple schools at once. Those five are going to be coming in probably within a matter of weeks of each other. Over the last 15 years we've successfully delivered 45 schools using the P3 method, including those five, and this approach has saved Albertans nearly \$360 million to date.

I'd like to point out, too, that of the 2,525 maintenance events, 99.6 per cent of them were completed in the scheduled time frame that's lined out in the contracts, so a very high success rate there.

**Mr. Wiebe:** I also see that Alberta Infrastructure is allocating almost \$656 million in 2024-25 for the building and modernizing of schools and investing in the modular school program and supporting the expansion of specialized programs such as collegiate and public charter schools. What role, if any, does Infrastructure play in prioritizing and planning the order of these projects?

**Mr. Guthrie:** Yeah. Treasury Board and Finance: they lead that capital process. Education remains responsible for working with the communities to identify school priorities and for obtaining approval for all capital funding. Every year Education kind of receives and prioritizes school jurisdictions in their three-year capital submissions, and they make their determination from that information as to, you know, what to move forward with. That's where we come in. Infrastructure's role in the process is to support program ministries in the development of business cases, which, in turn, provide the evidence-based backing for program ministries to put in their submissions. We provide that technical expertise that's required for those submissions.

Ultimately, it really boils down to Treasury Board as to that moving forward. I know a lot of people get that mixed up with our department, where they think that we do the approvals. But one of the things that our government did back in 2019 is that they made a little bit of a shift so that in each of the ministries the ministry seeks the dollars from Treasury Board, and then if they are awarded a capital project that we've helped them develop from a costing perspective, then they award that to us. And then once that takes place, we can get involved as far as, you know, the planning and design and then following it through to construction.

We work within each of the different ministries in order to help and support. We're that supportive role.

**Mr. Wiebe:** On that, with the first step being the planning of the school project, what does the timeline look like for a new school build from the budget allocation to the doors opening of a school? How much time would that take?

**Mr. Guthrie:** Yeah. Once, you know, a project is identified and approved, it progresses through the project delivery and implementation and timelines for project delivery. Depending upon the project, it can vary widely. If we're talking about schools, as we have been, for a high school it takes, say, four to five years, and for elementary school and middle school that can range from three years to four, four and a half. It depends upon the complexity of the build, and that's why the high schools take a little bit longer, because there's a lot more to it.

**Mr. Wiebe:** A final question here, and then I will cede my time to Minister Cyr – or Mr. Cyr. Can the minister explain how modular expansion of schools addresses expansion needs instead of the formal renovation or modernization of a school facility?

**Mr. Guthrie:** Modularity is provided to address sometimes health and safety aspects and high enrolment pressures and are constructed and installed on school sites in less time, of course, than any sort of permanent construction or renovation that's taking place. This is pretty amazing, actually. The average modular classroom is constructed in approximately 20 to 30 business days. Yeah. So once they get the order – this is with our current supplier – they can get that done in as quickly as 20 days, and they can do three of those in a week.

Right now there are currently 5,700 modular classrooms in the province, and since 2005 we've delivered more than 2,500, and in the past 10 years we've done 400 modular relocations, which is actually a little bit more than what I had thought, because there's a heck of a lot involved in moving them. Education is currently working on new approvals for this upcoming '24-25 year, so we don't have that determination yet. But we do know that as far as the capital project submission process goes, those school jurisdictions would have submitted, you know, by last September what their desire would be for this upcoming year.

I'm sure that there's a lot of lobbying going on in the Department of Education right now to get those modularitys, but there's an extra \$25 million that was put into this year for a total of \$50 million to put towards modularitys in that modular program; over \$100 million for the next three.

**Mr. Wiebe:** Thank you, Mr. Chair.

**The Chair:** You're ceding it to – you're giving him a promotion. I heard you made him a minister, but we can't do that here.

MLA Cyr, over to you, sir.

**Mr. Cyr:** Well, thank you, Mr. Chair, and thank you, through you, to the minister for this time today. I'd like to return to page 137, 6, alternative capital financing partnerships office, specifically about the P3 models or bids that were under management through your office. The opposition has brought in former Minister Panda, and clearly these are some older decisions that were made in the past, sir. I'd ask for a little bit of latitude here to be able to talk about my time with former Minister Panda. I served with him in opposition. I also had the privilege of serving with former Minister Mason, transportation minister at the time.

11:35

The reason this is important, sir, is that during that time we had one of Alberta's larger P3 models approved through former Minister Mason's office. I believe this is relevant because the opposition right now is challenging the P3 model that is being utilized by the minister today. Now, it's important that – for *Hansard* I'll give the article that I'm referencing on September 16, 2016. The article's name is Southwest Ring Road Approved; Project Cost under Budget Due to Downturn. The quote from the minister of the day, former Minister Mason:

This project will actually put close to 15,000 people to work during the five years of construction. And at the same time, tenders come in a lot lower because, unlike in boom times, prices are quite a bit lower. So we're saving money and putting people to work.

Now, during low oil times . . .

**The Chair:** Member, this is where we run the risk of going outside of the budget years. The specific reference items – I did give the other side a lot of latitude, but, Member, I'll need you to reel it in because this isn't question period or Members' Statements, so let's make sure that it's relevant here just given the amount of time we have left.

**Mr. Cyr:** Thank you, sir. What happens here is that what we've got is that during that time and Minister Panda's time as well as our current Infrastructure minister's time, they're utilizing a tool, sir, a tool that is used throughout the world, a tool that is valued. At this point we saw that the NDP, or the opposition, had used this tool in a capacity, one of the largest capacities you could possibly use it, and you know what? I will say that it is this agree-to-disagree approach that the opposition is taking, this holier-than-thou approach that says: "You know what? We know better." We've been given examples where all the systems of managing these contracts fail, but you know what? The minister has brought in some good points, saying that – what? – 99 per cent, Minister, of these projects are successful, whether they're in the P3 model or through the government design model. Is that true, Minister?

**Mr. Guthrie:** Well, that can vary, but yeah. It's a very high percentage, and I like where you're going.

**Mr. Cyr:** Well, Minister, you know, when it comes to discussions like this, being open and trying to find the lowest cost to the taxpayer with the best results possible should be all of our goals, including the opposition's. It seems as if the opposition party has lost their momentum and are focused on the fact that private industry also flourishes through this. It's an opportunity for the P3 to really make sure that we're all on top of making infrastructure for all of us. So, Minister, I commend you on looking at all options, not outright rejecting options simply because of ideology, sir.

How exactly do you go through this process for choosing which option? Can you walk me through that again, Minister?

**Mr. Guthrie:** Actually, yeah. There's a lot involved. I think, you know, Infrastructure currently uses four different methods to deliver projects. We have the design/bid/build, which is your most traditional; design/build; there is construction management; and then there's the P3 partnership. That design/bid/build, as I mentioned, is the most traditional one that you're going to see out there, where we design and have construction. We follow a linear path. It's typically used for projects that are very well defined, and you have a lot of early budget certainty there. It's for less complex types of facilities, not something that you would use, say, in a health facility, but it's a very commonly understood delivery and has high bid competition. However, with this method there's limited ability to fast-track a schedule.

The second delivery method that we use is design/build, and that's where design and construction responsibilities are assigned to one entity. This is typically done for school projects. School projects, too, especially the . . .

**The Chair:** That would be the end of that block.

So now this is, you know, tongue-in-cheek, 10 minutes. This is considered the rapid-fire round, if you would, for how these meetings go. You cannot cede your time in these blocks, so just be cognizant that, members. But, again, you can ask for combined time or block time as well.

Over to the Official Opposition.

**Dr. Metz:** Thank you. Thank you, Mr. Chair. I have some questions related to some of the health facilities. I'm wondering: with the cancellation of the south Edmonton hospital and some concern about what that's going to do with the increasing infrastructure deficit in terms of lack of beds, are we able to hear what the plan is to make up that deficit, and what will be the cost to taxpayers and the value for taxpayers in delaying having those beds available? That's the first question.

Along with that, we know that there has been some discussion that the build of the Stollery will release some capacity eventually, so once the Stollery is built, there can be some renovations. But the Stollery beds: even though there are 200 children's beds, many of those are for four cribs in a room. The estimate I've heard is that even with best build we may get 80 adult beds out of that, so I'm hoping to have some further information about that.

I'm also wondering about where we're at with the completion of the Arthur J.E. Child cancer centre. There's still ongoing construction that's not quite finished yet on that. I would like to know what the costs are and where that is sitting at.

And then within the estimates document on page 111 there are a number of items related to capital grants and facilities. I'm wondering if I can get more detail on those; for example, EMS vehicles. Normally last year there was \$5 million allocated. This coming year there is \$15 million allocated. And I'm not arguing; I'd just like to understand what that is. Is there a big deficit that needs to be picked up and repaired, or what is that about?

Also, on item 10.5 on page 111 the rural Alberta health facilities program has a \$40 million amount, and I'm wondering what that is for.

Item 10.4 has \$4,135,000 allocated to the Alberta surgical initiative capital program, and I'm wondering what that will be for construction of. With regard to that, is that a grant, and will Albertans own that at the end, or is that something that will be owned and operated by the company that it's being built with?

11:45

There are also capital payments for acute care. That's item 2.4 on page 111. Maybe that's the cancer centre still. I don't know. This is for over \$1 million, and I note that's a major drop as the previous year was over \$10 million. Maybe it's just finishing up a project, but I'd like to understand what that is about. There's also item 10.1, capital grants for continuing care beds, over \$241 million, and just some more detail around what that is all about.

Then on page 115 of the estimates document there's a line item for infrastructure support of \$6.7 million. I believe, in referencing back and forth, that's for Beaverlodge health centre, and I would like to have some understanding of what that item is for.

**The Chair:** There are still 16 seconds. If you don't use it, you lose it.

**Dr. Metz:** Sixteen? Yeah, that's it.

**The Chair:** Okay.

Minister, over to you, and you have five minutes.

**Mr. Guthrie:** Yeah. I guess a couple of quick ones here. Unfortunately, I don't have the information you're looking at for ambulances. You know, that would be held within Health.

**Dr. Metz:** Okay.

**Mr. Guthrie:** Actually, Beaverlodge was not delivered through the Department of Infrastructure. That, too, was done through Health. Then continuing care would be with Health and community and social services perhaps. So, I guess, you know, on those ones I'll have to defer.

You had asked about Calgary cancer. Alberta Health Services is working to install all the technical and clinical systems to make it operational. We finished with our work. You know, there's some postconstruction handover stuff that is still going on to take care of minor deficiencies. But as far as our Department of Infrastructure is concerned, it's been handed over.

There were a few little bits that I didn't get to in a previous block, so I'm just going to try to go through them. I think they're relatively quick. On the Swan Hills Treatment Centre there is a \$2.2 million increase from the '23-24 budget to forecast. This is primarily due to the carry-over of unspent funds to complete projects that were due to scope reviews from some projects that are taking a little longer than anticipated.

For government facilities infrastructure: it was brought up about the \$71.5 million decrease from the '23-24 budget to forecast, and this is primarily due to \$21 million in-year funding relocation to Education for the development of a charter school in Calgary, \$17.5 million in-year funding relocation to Mental Health and Addiction to administer the grant funding for some recovery community facility projects, alignment of project scheduling, and cash-flow requirements for government facility projects that were included as well as the Red Deer justice centre, Canmore Nordic Centre, and Yellowhead Youth Centre. So that makes up most of that.

There was a question on accommodation projects. It was an \$11.2 million increase, and that was from '23-24 budget to forecast. This is primarily due to alignment of project scheduling and cash-flow requirements for various accommodation projects at government-owned and -leased buildings such as the Edmonton Infrastructure Building, relocate transportation to the Infrastructure Building, and Edmonton Infrastructure Building on the third-floor modernization.

Then the larger one was a \$331 million decrease from the '23 budget to forecast. This is primarily due to reprofiling of funds into other fiscal years to align cash flows with the project schedules. Some of the ones that I'll highlight here: the \$22.7 million decrease for major health facilities, and that included Calgary cancer, Alberta surgical initiative capital program, and Bridgeland-Riverside continuing care; a \$33 million decrease in government facilities infrastructure for government facility projects – Red Deer justice centre, Canmore Nordic, Yellowhead Youth – \$38.5 million for in-year funding relocations to Education for the charter hub school and to Mental Health and Addiction for the recovery community facility; and a \$14.4 million decrease for previously announced school capital projects; also, a \$21.5 million decrease for health capital maintenance and renewal projects, primarily due to a reduction in planned spending in '23-24 as a result of overexpenditure in '22-23 as more work is completed by AHS than anticipated.

Oh, yeah. The Alberta surgical initiative: you made some comments on that. [Mr. Guthrie's speaking time expired] For next set.

**The Chair:** Hold that thought.

Over to the government caucus now. Are there any members wishing to speak? MLA Yao. Shared, combined, block?

**Mr. Yao:** Minister's preference.

**The Chair:** Minister, combined or block time, your preference? Back and forth? Okay.

**Mr. Yao:** Thank you so much. Minister, again thanks to you and your entire team for all the hard work you guys do. I've watched Infrastructure as you guys have cleaned up your processes and tried to make things more efficient for the entire province, and that's greatly appreciated, so thank you guys all for your hard work on that.

Red tape. As I said, we've watched the evolution of Infrastructure over the last couple of terms as we've attempted to clean things up in regard to making things more efficient in how we build things and demonstrate responsibility for taxpayers' funding, money. If I

could just point out key objective 1.3 of your Infrastructure business plan, it does state your ministry's commitment to reducing red tape and costs ... accelerating construction timelines by simplifying, modernizing and standardizing regulations, [policy], guidelines and building contracts, and by evaluating priority stakeholder recommendations such as prompt pay.

My first question is, I guess – again, this is where a lot of red tape can both be a burden to a number of factors while at the same time also ensuring accountability, responsibility, and safety for all parties involved. Certainly, I've seen a project up in the Fort McMurray region, by the McMurray Métis, where they've built something without a plan, and they were beneficiaries of provincial and federal funding. I think they were a demonstration of where we do need some of that red tape and that we do have to ensure that we have a lot of these things to ensure that projects are built responsibly. So I guess my question to you is: can you explain the performance metrics or other data that you can point to that shows the success of the work to reduce red tape but also understanding why we do need some of the red tape to ensure that projects are built in a responsible fashion?

**Mr. Guthrie:** Yeah. I think you guys all remember, MLA Yao, when we were first elected, back in 2019, how important this was for us. We were provided with an F rating incoming. We were being criticized. In fact, I think we still get criticized. You know, that sort of never goes away. But we have made tremendous strides to now have a grade A rating. I think it's one of the great things that we did even though it may be something that doesn't get enough headlines, being able to get things done. So you're right. Like, there are those essential pieces that naturally serve a purpose, and they have to be there; health and safety, as an example. Those have to be retained.

11:55

But there were, you know, items that were decades old that were completely redundant, that were out of date, but they were still bogging down the system, so we had to get at it. I'm happy to say that as a government we met that goal of hitting and achieving 33 per cent, which is fantastic. And the Department of Infrastructure: we're currently sitting at 37.2 per cent, and we're always continually trying to improve.

You know, we have the infrastructure technical resource centre, and what we did is we consolidated regulations there where applicable, and we just eliminated a lot of duplication that was in outdated regulation. That right there made a major impact for us. We've also simplified requirements on procurement documents, resulting in more streamlined processes for planning, bidding, and tracking. This was something that industry was calling for. They had been pulling their hair out wanting to streamline those processes, have some standardization.

One of the things that we have utilized is their ILC, our infrastructure liaison committee, and that's our department as well as industry representatives. We sit down, and they put their suggestions forward to us, including red tape and modernizing those contracts. Modernizing those contracts is actually within our mandate, and I'm happy to tell you that we are going to be this spring starting to release new formal contracts and some standardization within those contracts that is going to help us to further reduce time. We did it collaboratively, we did it with industry, and we worked together to get to that end. I think that's where you're going to have that big success, when you do that.

When you don't do that consultation and you try to implement and people don't feel that they have had that input, you're going to get resistance. But I think this is going to have a tremendous impact on it.

I guess, finally, there's that digitization. You know, there were certain areas throughout all government departments that needed improvements there, and we did that as well.

**Mr. Yao:** Thank you so much for that, Minister.

I'm wondering if I could switch gears a little bit and just discuss prompt pay. You know, we passed some prompt-pay legislation back in the 2020 fall session, and I've heard from stakeholders that do look at these contracts to build infrastructure for Alberta, and they're quite happy that this exists. They don't see that in other provinces. These businesses tend to carry a lot of debt burden for a substantial amount of time, and it does hurt a lot of the smaller players who don't have the fiscal wherewithal to be able to support some of the larger projects. I'm wondering if you can explain: just how does the current prompt-pay legislation impact construction timelines and the overall procurement process?

And, you know, based on some of the legislation that we might have already, can you explain some of the other improvements to this that you're looking at making as we endeavour to make government contracts for infrastructure to be more attractive for multiple companies to consider bidding on?

**Mr. Guthrie:** Yeah. You know, Infrastructure is continually exploring ways. We talked about the ILC and its use, and this is a major topic of discussion within that. We're constantly exploring ways to ensure that subcontractors receive payments from contractors fairly and promptly, and we're working with service Alberta, who is the lead, to address and understand current payment delays.

Red tape, yes, is the lead, but at the same – we end up, you know, being Infrastructure, and we are the ones that are out there awarding the contracts. A lot of that comes through us and through our department. The issues that still kind of remain are with the subcontractors and subconsultants, and they've been bringing concerns to us. We've been trying our best to be able to give them that timely payment and completion of work from prime consultants and contractors.

I would say, too, that our ministry: we try to live up to that same standard, so we meet that 30-day payment obligation ourselves. We do that 96 per cent of the time for capital projects. There's 4 per cent there that we don't meet. As you can imagine, there are issues that can come about. Say there are deficiencies in the work. Maybe there's some sort of legal solution that's out there, so we're not going to pay that out until we can resolve those issues. But 96 per cent of the time is pretty darn good. We try to adhere to and set the example by living up to those invoice payment timelines. Constant improvement: that's what it's about.

**Mr. Yao:** Thank you so much. I greatly appreciate that, Minister. Again thanks to you and your entire team for all the hard work that you do.

**The Chair:** That's how you do it, running right to the wire.  
Loyal opposition.

**Mr. Deol:** Thank you, Mr. Chair. Thank you to all the members participating.

**The Chair:** Do you want back and forth or block?

**Mr. Deol:** No. I'll complete my five-minute block.

**The Chair:** Okay. Perfect.

**Mr. Deol:** Minister, I would really appreciate, you know, if we could receive the list of existing P3 projects – P3s going to tender or right now the existing P3s – the cost and the type of P3s, whether they are design/build or design/build/maintenance, like, what level, what stage they are at. Even if the minister can provide – like, I know it might not be possible to have this information handy, but I would really appreciate if you can provide me the answers in writing. Anything you cannot answer right now, I would appreciate you providing the answers in writing.

What are the annual payments going out to existing P3s, and where do we see that in this budget? What are those amounts? Like, if you have this information, that would be really handy. Once again, the minister has referred to honoraria. You know, there is a provision in the heading. My question was around, like, how much honoraria we have paid in the last three or four years. If you do not have this information handy, you can give me the information later in writing.

Let me see what my other question was. Yeah. The list of the, you know, honoraria, unsuccessful bids, and the total amount: what was that? The other question I had is around the total number of adult beds expected to be added to our health capacity in hospitals in Alberta as a result of 2024 and investments over the last four years: when those beds come online, what the cost per bed is . . .

**The Chair:** Just to be clear, this is under Infrastructure. Okay. So the ones that Infrastructure is responsible for, not health care. Okay. Just helping you out there a bit.

**Mr. Deol:** Yes.

. . . and where those beds will be created due to the P3 or the Infrastructure buildings, like, Infrastructure funding specifically.

**12:05**

I'll refer back to, actually, capital for related parties, and one line item in the estimates is 5.2. This line item was budgeted for \$14 million in the last budget but only spent \$350,000. Like, that's a huge gap. If the minister can explain where the discrepancy is. In the capital for related parties, line item 2.2, health facilities infrastructure, it appears that there is a large drop in spending. More than half a billion dollars was budgeted – that exact figure was \$556.7 million – but only spent \$334 million. This figure is a bit suspicious, close to the cost of the south Edmonton hospital. Was this drop because a vital project was shelved and gone? If so, when this decision was made – Minister, do you think the people of south Edmonton need a hospital? What should we say to the people in south Edmonton?

Health capital maintenance and renewal, line item 2.4, is again being cut in this year's budget from \$222.9 million last year to \$172.3 million in this budget. Why is more than \$30.8 million cut? That amounts to minus 27 per cent. Why is this, Minister? Why cut funding to support health care?

**The Chair:** Minister, back to you.

**Mr. Guthrie:** All right. Thank you. Just to hit on a couple of things, I think that, Chair, you were right on with your comment there. There are some things that are in the purview of Health that I won't be able to answer. I can say that where the ambulatory care building is concerned, there are no beds in there per se. That's going to be in the patient tower, and the patient tower is going to be delivered by construction management delivery.

Let's see. I'll try to get through. Well, you had asked about land acquisition and services, a \$13.8 million decrease from the '23-24 budget to forecast. It's primarily due to reprofiling to future years as land purchases for some client departments will be completed

this year as originally anticipated such as lands in Boss Lake and Balzac. Program spending can fluctuate from year to year, depending upon those cash flows, and we have to adjust those, naturally, as you would well expect. The Treasury Board and the AG, I mean, kind of make sure that we do that.

I would like to just comment that – I'm going to go on to the Alberta surgical initiative that was mentioned earlier – you know, all of our projects: they're delivered by the private sector; we don't manage the projects. We'll have somebody there to represent and be the liaison, but that's all delivered by the private sector. However, the ownership is always retained by us, by the people of this province and by our government. I just want to make sure that that's clear here. We retain ownership, and that includes P3s. We are the owners of that asset.

The Alberta surgical initiative program, you know, reducing wait times by increasing surgical capacity: actually, this is a top priority for our government. The Alberta surgical initiative capital program will complete renovations and expansion projects throughout the province to help increase provincial surgical capacity and reduce wait times. In Budget '24 the government approved \$309 million over the next three years for the Alberta surgical initiative capital program. Alberta Infrastructure is managing projects at a variety of locations: in Calgary Alberta Children's hospital, Foothills medical centre, and the South Health Campus; in Edmonton at Grey Nuns, Misericordia, Royal Alex, as well as Walter Mackenzie; and then across the province in Brooks, Camrose, Fort Saskatchewan, Innisfail, Lethbridge, Olds, Ponoka, Rocky Mountain House, St. Albert, and Stettler.

Infrastructure projects like this one demonstrate that our government is committed to health care, committed to jobs, increasing capacity, and supporting Albertans. In the '24-27 capital plan \$309 million was approved for the next three years, and both Alberta Health Services and Infrastructure are managing these. Typically if it's over \$5 million, not always but generally, you're going to have Infrastructure managing that. If it's less than \$5 million, AHS will manage it. There are 15 Alberta surgical initiative projects, including 12 that are in planning, one in design, two in construction. Rocky Mountain House is anticipated. Actually, I think it's ready to go this month, if memory serves. Lethbridge is to be completed later this summer.

Earlier I was asked about school facilities and P3s. We assessed seven schools as being suitable to be included for the latest P3 school bundle. In November of '23 Treasury Board approved proceeding with a P3 . . .

**The Chair:** I hesitate to interrupt.

With two minutes and 41 seconds remaining, MLA Stephan.

**Mr. Stephan:** Thank you. I'd like to ask the minister if he would be okay with splitting time.

**Mr. Guthrie:** Sure.

**Mr. Stephan:** That is wonderful. Minister, I don't have much time. Of course, the Red Deer regional hospital is a transformative investment. It is the largest capital project, as I understand it, in Infrastructure stewardship at this time. My understanding is that we're having an information session with the public actually this week, and I just want to commend the ministry for doing that. Unfortunately, during the last election there was a lot of misinformation, frankly, and false statements made by the NDP saying that under our government we weren't going to build the hospital. It was very . . .



**Ms Gray:** Point of order.

**The Chair:** A point of order has been called.

**Ms Gray:** Thank you, Mr. Chair. Just under 23(h), (i), (j) as well as relevance to this. We have two minutes left. I thought perhaps we could just stay on the budget.

**Mr. Stephan:** Yeah, so please don't interrupt.

**The Chair:** Hey. Member.

**Ms Gray:** My point of order is relevance but also language likely to create disorder. Bringing up the election at this point, when we've had a very effective estimates meeting, is unhelpful.

**The Chair:** Member, do you wish to respond?

**Mr. Stephan:** You know what? We're talking about the Red Deer regional hospital and an information session that we're having on Thursday. That's very valuable, to make sure that there is true information and accurate information and transparency on this project for Albertans, in particular families and individuals in central Alberta. Very disappointing that I was interrupted as I was talking about a project that's very important to our constituency.

**The Chair:** Okay. Well, members, I'm not going to call this a point of order although I do wish we could have made it all the way through without one being called.

Let's keep it on the tracks, if we can, and use the remaining 39 seconds you have to get a question in to the minister.

**Mr. Stephan:** Yeah. And it's very unfortunate that we gave so much leverage and relaxation to the members opposite, and they decide to interrupt on something that's so important for central Albertans.

Minister, I just want to ask – this is a very favourable precedent. Health infrastructure costs often go over budget. I'm just wondering. Having information sessions like this: do you see this as aiding transparency and accountability in the construction of health care projects not only here but throughout Alberta?

**Mr. Guthrie:** Yes.

**The Chair:** I hesitate to interrupt. We have reached the conclusion of this meeting.

Thank you very much for all your participation, and we'll see you in the next one right after lunch.

[The committee adjourned at 12:15 p.m.]





