



Legislative Assembly of Alberta

The 29th Legislature
Second Session

Standing Committee
on
Public Accounts

Treasury Board and Finance, Children's Services,
Infrastructure, Transportation,

Tuesday, February 28, 2017
9:15 a.m.

Transcript No. 29-2-13

**Legislative Assembly of Alberta
The 29th Legislature
Second Session**

Standing Committee on Public Accounts

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Anderson, Shaye, Leduc-Beaumont (ND), Deputy Chair
Littlewood, Jessica, Fort Saskatchewan-Vegreville (ND),* Acting Deputy Chair

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Cortes-Vargas, Estefania, Strathcona-Sherwood Park (ND)**
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Fraser, Rick, Calgary-South East (PC)
Goehring, Nicole, Edmonton-Castle Downs (ND)
Gotfried, Richard, Calgary-Fish Creek (PC)
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Also in Attendance

Hanson, David B., Lac La Biche-St. Paul-Two Hills (W)
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Office of the Auditor General Participants

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Robert Driesen	Assistant Auditor General
Graeme Arklie	Principal
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Phil Minnaar	Principal
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Standing Committee on Public Accounts

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Darren Hedley, Assistant Deputy Minister, Strategic and Business Services
Joffre Hotz, Executive Director, Tax Policy
Lorna Rosen, Deputy Minister

Public Agency Secretariat

Bill Werry, Deputy Minister

Public Service Commission

Lana Lougheed, Deputy Minister

Ministry of Children's Services

Darlene Bouwsema, Deputy Minister
Mark Hattori, Assistant Deputy Minister, Child Intervention
Gloria Iatridis, Assistant Deputy Minister, Indigenous and Community Connections

Ministry of Infrastructure

Dave Bentley, Assistant Deputy Minister, Properties
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Ranjit Tharmalingam, Assistant Deputy Minister, Corporate Services and Information

9:15 a.m. Tuesday, February 28, 2017

[Mr. Cyr in the chair]

The Chair: Good morning, everyone. I'd like to call this meeting of the Public Accounts Committee to order and welcome everyone in attendance. My name is Scott Cyr, the MLA for Bonnyville-Cold Lake and the chair of the committee.

I'd like to ask that members, staff, and guests joining the committee at the table introduce themselves for the record. I will then go to the members on the phone lines. To my right.

Mrs. Littlewood: Jessica Littlewood, representing Fort Saskatchewan-Vegreville. Today I am the acting deputy chair.

Ms Miller: Barb Miller, MLA, Red Deer-South.

Mr. Dach: Lorne Dach, MLA, Edmonton-McClung.

Dr. Turner: Bob Turner, Edmonton-Whitemud.

Ms Renaud: Marie Renaud, St. Albert.

Mr. Gotfried: Richard Gotfried, Calgary-Fish Creek.

Mr. Werry: Bill Werry, deputy minister, Public Agency Secretariat.

Ms Lougheed: Lana Lougheed, deputy minister, Public Service Commission.

Ms Rosen: Lorna Rosen, deputy minister, Treasury Board and Finance.

Mr. Hedley: Darren Hedley, assistant deputy minister, Treasury Board and Finance.

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

Mr. Saher: Merwan Saher, Auditor General.

Mr. Fildebrandt: Derek Fildebrandt, Strathmore-Brooks.

Mrs. Sawchuk: Karen Sawchuk, committee clerk.

The Chair: Okay. For the members that are teleconferencing we have Mr. Barnes, Member Cortes-Vargas, Ms Luff, Member McPherson, and Mr. Malkinson. Can we get you to confirm whether you are on the phones or not?

Mr. Barnes: You bet. Drew Barnes, MLA, Cypress-Medicine Hat.

Mr. Malkinson: Brian Malkinson, MLA, Calgary-Currie.

Ms McPherson: Karen McPherson, MLA, Calgary-Mackay-Nose Hill.

Ms Luff: Robyn Luff, MLA, Calgary-East.

Cortes-Vargas: Estefania Cortes-Vargas, MLA for Strathcona-Sherwood Park.

The Chair: Is that all for the teleconferencing? Okay.

We do have a member that has just joined us here. If you could announce yourself for the record.

Mr. Panda: Good morning. Prasad Panda, Calgary-Foothills.

The Chair: All right. I would like to note for the record the following substitutions: Mrs. Littlewood for the hon. Mr. S. Anderson, deputy chair; Member Cortes-Vargas for Ms Goehring; Member McPherson for Mr. Westhead.

A few housekeeping items to address before we turn to the business at hand. The microphone consoles are operated by *Hansard* staff, so there's no need to touch them. Audio of the committee proceedings is streamed live on the Internet and recorded by *Hansard*. Audio access and meeting transcripts are obtained via the Legislative Assembly website. Please turn your phones to silent for the duration of the meeting.

I'd like to proceed with the approval of the agenda. Are there any additions or deletions to the agenda? Seeing none, would a member move the agenda, please. Thank you, Ms Miller. Let's call the question. All in favour of moving the agenda? On the phones? Opposed? The motion is carried. Thank you.

I'll move to the next part of the agenda, which is approval of the minutes. Do members have any amendments to the January 24 minutes? If not, would a member move the minutes? Thank you, Mr. Dach. Is there any discussion on the motion? All in favour? On the phones? Any opposed? Thank you. The motion is carried.

We'll move to the fourth agenda piece. We've got the ministry of Treasury Board and Finance here from 9:15 to 10:30 a.m. We've got outstanding recommendations from the Auditor General and the ministry's annual report from 2015-2016. I'd like to welcome our guests from the ministry of Treasury Board and Finance who are here to address the outstanding recommendations from the office of the Auditor General as well as the ministry's 2015-2016 report.

Members should have the research report prepared by research services, the Auditor General briefing document as well as an updated status report on the Auditor General's recommendations document completed and submitted by the ministry.

I invite officials from Treasury Board and Finance to provide opening remarks not exceeding 10 minutes. Please proceed.

Ms Rosen: Thank you, and good morning. I appreciate the opportunity to discuss the Treasury Board and Finance 2015-16 annual report and the status report on outstanding recommendations from the Auditor General. We will address any questions you have regarding the Treasury Board and Finance ministry, including the Public Service Commission and the Public Agency Secretariat, but first I have some brief remarks, starting with some introductions.

Joining me at the table today are Lana Lougheed, deputy minister, Public Service Commission and the Public Service Commissioner; Bill Werry, deputy minister, Public Agency Secretariat; and Darren Hedley, assistant deputy minister of strategic and business services for Treasury Board and Finance.

The Public Service Commission is responsible for ensuring Alberta has a professional, nonpartisan, diverse, and inclusive public service that proudly serves Albertans, which is achieved by providing expert advice, strategic leadership and stewardship as well as developing and delivering innovative supports and services to Alberta public service employees. The Public Agency Secretariat collaborates with departments and public agencies to promote a consistent approach to public agency governance, recruitment, and compensation.

There are also several senior management staff with me today from the Department of Treasury Board and Finance, the Public Service Commission, the Public Agency Secretariat, the Alberta Gaming and Liquor Commission, ATB Financial, and the Alberta Investment Management Corporation.

I'll start with an overview of the Treasury Board and Finance 2015-16 annual report. The report contains a results analysis presenting the key highlights of the past year, financial highlights,

and a discussion and analysis of results. Facing significant economic challenges in 2015-16, Treasury Board and Finance focused its efforts on cost-saving opportunities and revenue initiatives; economic forecasts and analysis; debt, investments, and risk management; and the modernization of services, tax systems, and technologies.

The Public Agency Secretariat became part of the Treasury Board and Finance ministry as of September 2016, so it does not appear in the 2015-16 annual report.

Moving to financial highlights for the ministry, revenue of \$25.4 billion was \$1.1 billion lower than the prior year and \$1.6 billion lower than the 2015-16 budget. This lower than forecast revenue was due to a variety of reasons, including lower corporate income tax revenue due to the economic downturn, a decline in net investment income due to declines in the equity markets, and a decline in net investment income from government business enterprises primarily due to reduced income for ATB Financial as the economic downturn resulted in a larger provision for credit losses and lower interest income.

Expense was \$1.6 billion, \$315 million lower than the prior year and \$683 million lower than the 2015-16 budget. Some of the main reasons for the decline in expense were: the decision to eliminate the transfer to the access to the future fund in support of overall government spending reductions, the provision for the change in corporate income tax allowance for doubtful accounts was lower as there was no significant increase in the amount of aged accounts in '15-16, a larger than expected pension recovery as the pension obligation decreased due to reductions in inflation and salary escalation assumptions. This has had a positive impact.

Outstanding Auditor General recommendations. Treasury Board and Finance has 26 outstanding recommendations from the Auditor General. Of those 26 there are 20 for the Department of Treasury Board and Finance, three for the Public Agency Secretariat, and three for ATB Financial.

9:25

Of the three outstanding recommendations for the Public Agency Secretariat, a significant amount of work has been undertaken to not only fulfill the recommendations but to also build on the foundation of good public agency governance. The government has clearly signalled its commitment to improving board governance, accountability, and transparency. The consolidation of the Public Agency Secretariat and Treasury Board and Finance in September 2016 brought together staff from Executive Council, corporate human resources, and Service Alberta, all with experience in governance, recruitment, and compensation practices. The Public Agency Secretariat is developing a plan for improving the governance, oversight, and accountability of Alberta's agencies, boards, and commissions.

Of the 20 outstanding recommendations for the Department of Treasury Board and Finance, there were only three that date prior to 2014. Of those three the one regarding chief executive officer compensation disclosure will be implemented once the implementation of the Reform of Agencies, Boards and Commissions Compensation Act is complete. The act received royal assent on May 27, 2016, and regulations are to follow. Last week government announced a new regulated compensation framework that sets base salaries and eliminates bonuses for designated executives in 23 designated agencies. These changes bring their compensation in line with public-sector comparators.

The other two recommendations for Treasury Board and Finance made prior to 2014 relate to the government's annual reporting process. Implementation of these two recommendations is close to completion as they are being finalized in conjunction with an

additional recommendation made in July 2014 on the annual reporting process.

Of the 17 recommendations made to Treasury Board and Finance in 2014, 2015, and 2016, the department is proceeding with implementation. Included in the 17 are six recommendations related to corporate tax administration. All six have been implemented, and the office of the Auditor General has been notified.

There is another recommendation from August 2014 regarding oversight of the Premier's expenses which has been implemented, and the office of the Auditor General has acknowledged the completion of this recommendation.

Another recommendation from October 2014 is to update our enterprise risk management system, and work on this recommendation is under way, with a refreshed ERM framework that is being reviewed by the executive team and work being done to provide a government-wide standards approach to ERM across government.

There are five relatively new recommendations from 2016 all regarding cash management for which I will now provide a little bit of detail. We last provided an update to the Public Accounts Committee regarding cash management on April 5 of last year. I'm pleased to provide an update of current activities to address the Auditor General's recommendations.

The government is making improvements to financial and other processes to gain efficiencies which will contribute to better information and greater visibility. There are plans under way to update the consolidated cash investment trust fund, or CCITF. The fund is the government's cash pooling structure that focuses on maximizing investment returns for participants, including departments, agencies, boards, and commissions. The objective of the CCITF changes are to use cash currently held by participants as part of the government's overall cash resources rather than invest this money in the money market. These changes will also address concerns related to the accumulation of large balances held by participants as government will have access to this cash. The implementation of the CCITF project is targeted for 2017-18. Once implemented, this initiative will lower debt and debt-service costs for government.

Implementation of a treasury management system is currently on hold as it will be part of a new government-wide enterprise resource planning system. The government is in the process of replacing its IMAGIS system with a new ERP system. The implementation of an ERP system and related financial, human resource, and talent management modules will lead to efficiencies across government through standardization. As the Auditor General's recommendations to improve the province's cash management processes are complex and have a crossministry impact, collaboration with Treasury Board and Finance is required to ensure operational results. In addition, the ongoing and future initiatives will collectively address the Auditor General's five recommendations regarding cash management.

This concludes my formal remarks, and I along with my colleagues would be pleased to answer any questions you might have.

The Chair: Thank you, Ms Rosen.

I would like to turn it over to the Auditor General for his comments. Mr. Saher, you have five minutes.

Mr. Saher: Thank you, Mr. Chairman. The deputy minister has talked about the ministry's initiatives to improve annual performance reporting in ministry annual reports and also, by extension, into Measuring Up, the government of Alberta's annual performance report.

I'd just like to try to summarize at the highest level what it is that the Auditor General's office is looking for and the criteria we'll use

in assessing the initiatives made by the government to improve that reporting. When we look at results analysis reporting in ministry annual reports, there are really four things at the high level that we're looking for: firstly, a balanced view of performance, including both positive and negative aspects of performance; second, that significant matters are identified and discussed; third, the analysis should relate progress and results achieved to dollars spent; and fourthly, there should be explanation of why actual results differ from expected results or historical results.

I'd like to quote from – this is going back in time – the office of the Auditor General's year 2000 public report. In that report we said: "To work, the system needs to tolerate failure. Those evaluating the performance of people and organizations need to recognize that, even with the best effort, targets may not always be met." I would like to add to that quote from 2000 the current way that we think in the office of the Auditor General with respect to performance reporting. Really, the purpose of performance reporting is not just to report performance because that's good for the soul; the purpose of performance reporting is to learn how performance might be improved.

Those are my opening comments. Thank you, Mr. Chairman.

The Chair: Thank you, Mr. Saher.

The time allotment format for questions for the committee members has been adjusted for the one hour and 15-minute time slot. The first rotation will be 10 minutes each for the Official Opposition and the government members, followed by a seven-minute rotation for the third party opposition. Our second rotation will be six minutes each for these parties. With the agreement of the committee, any time remaining will be distributed equally among the three parties. I will now open the floor for questions by the members. Please note – sorry – that one to two minutes will be designated for outstanding questions to be read into the record at the end of these rotations.

Mr. Fildebrandt, please open with questions.

Mr. Fildebrandt: Thank you, Mr. Chair, and thank you all for joining us here today to answer our questions. I'll dive right into it, kind of following from what the Auditor General said. Treasury Board and Finance has 26 outstanding recommendations with the office of the Auditor General. That is a substantial amount. Seven of these recommendations are more than three years old, which I think is cause for significant concern. In addition to having these yourselves, though, Treasury Board and Finance is responsible for oversight at the government of Alberta level to ensure other ministries implement recommendations from the office of the Auditor General. Would you care to comment on the example set by Treasury Board and Finance as the department responsible for this on a government-wide level?

Ms Rosen: I think that in terms of the example set it's actually a good example that we've set. In terms of the 26 recommendations, the vast majority of those recommendations are not more than three years old. They're from 2014, '15, and '16. The complexity with respect to some of the other recommendations that are outstanding actually requires quite a collaborative effort across government to make improvements, and I think that there has been significant progress with respect to moving forward on those recommendations. Certainly, in the area of the Public Agency Secretariat there has been some significant progress.

I'd like to ask Mr. Werry if he has any comments that he'd like to make about those particular recommendations.

Mr. Werry: Thank you, Lorna. To be clear, the primary relationship with many of the government of Alberta's agencies rests with our line ministries, so we've been working very closely with them

over the last number of months to try and ensure that there is a government-wide approach on governance, compensation, and recruitment, and we do believe we've made some significant progress. We do have a ways to go on the governance side in terms of making sure that the practices are appropriate, but we do have plans under way now to address that over the next number of months with the completion of the ABC review, which was launched in 2015-16.

9:35

Mr. Fildebrandt: Okay. Now, Auditor General, correct me if I'm wrong, but just off the top of my mind – I don't have the document in front of me – I think Treasury Board and Finance might be number 2 out of all departments for outstanding recommendations. I would not consider that to be a positive thing. That's very substantial. I understand that some of these recommendations are not easily met. Some of them are very complicated and long term. But 26 is a very substantial number. Do you stand by your statement that that is reasonable?

Ms Rosen: I'm not sure that I would agree that the number of outstanding recommendations is the significant piece, particularly given that any one review can result in multiple recommendations. If we take, say, for example, the cash management recommendations, of which there are five arising all from the same audit, all of those are likely to be implemented in a coincidental time frame. I think that the seven oldest recommendations, that are dated 2008-2012, are getting very close to implementation and will require follow-up audits from the office of the Auditor General. Of the 12 more recent recommendations, dated 2014 and 2015, there are already seven that have been implemented. I think that to actually classify all 26 as still being outstanding would not perhaps be accurate because we have implemented some of these recommendations, and they're just awaiting a review and/or follow-up by the Auditor General.

Mr. Fildebrandt: Okay. Thank you.

In the previous Auditor General's report of February 2016 on page 72 the Auditor General talked about use of outdated information systems to manage cash. I know you touched on that in your opening statement. How close are we to having – can you give us a bit of a perhaps deadline about when you expect to have that completely implemented and ready for a follow-up from the Auditor General?

Ms Rosen: Thank you for the question. With respect to implementing new technologies for the management of cash, we actually had drafted a request for proposal for a new treasury management system. However, we've delayed the posting of that RFP due to the decision to implement a new enterprise resource planning system to replace IMAGIS because we really do want to leverage any new systems together. We are actually waiting for the ERP posting to progress, and that is coming imminently. We would see the advantages to waiting for that being the standardization of procedures that are developed at the same time, which should improve, then, the availability and quality of information that could be used by a treasury management system. Doing them both together will actually have a better result than if we get out in front with the treasury management system.

The ERP system: the request for proposals is under way for some of the beginning parts of the work related to that at this point in time, and that's being led by Service Alberta.

Mr. Fildebrandt: Okay. Thank you.

I want to talk about the department's implementation of the carbon tax on a few items here. We had asked questions to

Environment and Parks, and they had referred us to you for a lot of these items. On page 70 of Treasury Board and Finance's annual report it refers to the fuel tax. When the locomotive fuel tax is raised from 0.015 cents a litre to 0.055 cents a litre, was this intended to reduce emissions of locomotives and to encourage people to use other forms of transportation, and what other forms of transportation was the department hoping to move that traffic to?

Ms Rosen: Mr. Fildebrandt, can you give me the reference again? Page 70 of the annual report?

Mr. Fildebrandt: Page 70 of the Treasury Board and Finance's annual report. The increase in locomotive fuel tax: was that purely designed as a revenue generation tool, or was that also designed to reduce greenhouse gas emissions?

Ms Rosen: I'm going to ask somebody from economic and fiscal policy to help us address that question.

Mr. Hotz: The increase to the revenue . . .

Mr. Fildebrandt: I'm sorry. Could I just get your name and . . .

Mr. Hotz: Sorry. Joffre Hotz, Treasury Board and Finance.

The increase to the railway fuel tax paralleled the increase that was done by the previous government of 4 cents per litre, so the previous government never applied the 4 cents per litre to the railway fuel rate. That's why the 4 cents was also brought in, to reflect that same increase.

Mr. Fildebrandt: Okay. Thank you.

What plans are in place to adjust the carbon tax in the event that fuel consumption does not decrease after the carbon tax has been in place for a few years?

Ms Rosen: I'm going to ask Joffre to respond to that as well.

Mr. Hotz: Sorry. Could you repeat the question?

Mr. Fildebrandt: Yeah. What plans are in place to adjust the carbon tax per tonne in the event that fuel consumption does not decrease after the carbon tax has been in place for one or two years?

Mr. Hotz: I mean, right now the rate has been set by the government. That will increase to \$30 per tonne for 2018. There has been no further announced rate increases. The government will continue to evaluate the impact of the carbon levy.

Mr. Fildebrandt: The explicit goal of this is to reduce the greenhouse gas emissions of Albertans by putting a price on carbon. If consumption does not decrease, is there any plan within the department to change the per tonnage levy?

Ms Rosen: I think it's important to be clear that consumption of fuels is not the only initiative under the climate leadership plan to reduce . . .

Mr. Fildebrandt: Oh, I'm not talking just about – sorry. If I could. I'm not talking just about fuels; I'm talking about the overall carbon tax. I'm not just talking about locomotives; I'm talking about the overall carbon tax.

Ms Rosen: Then I think that it will require more than one or two years to determine what impacts with respect to the reduction of emissions actually result from the carbon levy, not only because it takes a while to change behaviours but also because there are going

to be initiatives that are actually pursued with the revenues from the carbon levy which in and of themselves will be emissions reducing.

Mr. Fildebrandt: But is there any actual plan to increase it beyond what's been publicly disclosed already, beyond \$30 a tonne?

Ms Rosen: I believe that there probably will be something that has to come about if the federal government continues to pursue their agenda with respect to rising carbon taxation because we will be required to follow suit with the federal government.

Mr. Fildebrandt: All right.

The Chair: Thank you, Mr. Fildebrandt. That is timely.

I will remind our wonderful guests: if they could please state their names before speaking, that would probably help *Hansard*. Remember, too, that we're going through the chair and not back and forth. Thank you very much.

I'd like to open this up to government. Dr. Turner, if you would start, please.

Dr. Turner: Thank you, Mr. Chair, and thank you to all of you for coming today. This is one of the most important discussions that we can have at Public Accounts since Treasury Board and Finance actually, I think, collects the most money and spends the most money. I think that may be one of the reasons that you have the most recommendations, too, but I'm just speculating.

I want to turn to what Ms Rosen referred to in her remarks as well as the Auditor General, and that was this important announcement that came out last Friday from the Minister of Finance that outlined a new framework for executive compensation in ABCs. You know, there are several recommendations from the Auditor General that relate to this, and for reasons that confound me, the previous government just didn't pay any attention to those recommendations that had come up over a decade at least.

I have a few questions of you folks. Firstly, can you give us some insight as to how the executive compensation for ABCs got so out of hand under the previous government?

Mr. Werry: Bill Werry, Public Agencies Secretariat. I just want to sort of speak to what we found when we began the analysis of compensation in the ABC world and particularly with the 23 organizations that we looked at in this first tranche of dealing with compensation matters.

9:45

What happened over time was that organizations were using a broad set of comparators beyond the public sector and were actually comparing salaries of CEOs to private-sector comparators in, at the time, an economy that was moving along and growing at a very brisk pace. That had an impact of pushing salaries up across the board in those areas. I can't speak to exactly what went on between 2008 and now because I personally became responsible for this file in 2016.

I can assure you that the analysis we undertook did find that there was, really, a strong need for a compensation framework, as the Auditor General cited. Our focus when we did the analysis was to try to move to a compensation framework that was based on broad public-sector comparators, trying to move away from some of the practices that had moved in in the past around using private-sector metrics as well. So what you've got, announced last Friday, is that actual compensation framework based on public-sector comparators.

The other thing that we've agreed to from a policy perspective moving forward is that this framework will be subject to review on a regular basis because as market conditions change, as other

provinces undertake different approaches to compensation, we will need to be reviewing those matters in order to stay competitive, to attract the best possible talent. That's what's in place now.

Dr. Turner: Thank you.

Just further to that, what sort of oversight systems are going to be in place now that obviously weren't in place before that are going to basically keep those comparators and the compensation at a reasonable level for all Albertans?

Mr. Werry: First of all, we will be moving to a system of providing ABCs with a contract template. As they set the compensation for their CEOs, they'll be required to complete a contract template that we'll be providing them with in the next number of weeks so that the contracts are comparable across ABCs in a public-sector sense. In addition, we will be, as I said, reviewing that framework on an ongoing basis. We'll be playing that role as the secretariat in conjunction with the host ministries, that have the primary relationship with these organizations, so there will be a fairly robust system of oversight based on contract templates.

The other thing we'll be introducing is contract terms. There are a number of CEOs who have contracts that don't have any kind of time frame around them, so we will be moving to contract time frames that set a maximum of six years for contracts. Obviously, those things are subject to review, and people could be renewed after six years, but fundamentally it puts a time frame around some of those contract provisions.

The other thing we've done is to put in regulation. The severance provisions within all of those contracts need to not exceed 12 months, because we did see some variability. We have eliminated as well things that are outside the kind of benefits that would be provided in the core public service.

Dr. Turner: Thank you very much. This is, actually, I think, going to be very well received out in the general public. We have excellent public servants in this province, and I think that the frameworks that those folks work under should be the ones that basically are the underpinning of how we deal with these independent agencies, boards, and commissions.

I want to turn just briefly to another aspect that the Auditor General has reported on and is a big responsibility of Treasury Board and Finance, and that's pensions. Albertans spend their lives working and contributing to pensions, and they need to know that when they retire, these savings are going to be there for them. In February 2014 the Auditor General released a number of recommendations about the pensions. Can you tell me what work has been done to address these recommendations, and could you specifically expand on the work you've done around risk management?

Ms Rosen: Yes. With respect to enterprise risk management it's taken us a little while, actually, to implement enterprise risk management for public-sector pension plans. There's been a very significant amount of data to compile, and the number of stakeholders that need to be consulted is actually considerable when you look at the number of pension plans that the minister of Treasury Board and Finance is responsible for, is the trustee for.

Discussions around our approach to risk management required us to meet with all of those stakeholders, and some, such as the plan boards in particular, don't meet often. They meet on a schedule, but it sometimes takes a while for us to get on their agenda, so to speak, in order to have a discussion of the topic.

In terms of some of the time spent waiting, it was for actual stakeholders to compile their responses because we asked them questions about their risk management practices. Once we had gathered that information, it allowed us to complete a draft risk

management report and to provide information around existing risk management practices.

It wouldn't be fair to say that there currently is not risk management around public-sector pension plans. What was perhaps missing was a consolidation of those plans that actually would speak to the minister and the minister's responsibilities. So we now have a draft framework and we have a draft report, which is actually at this point in time in my office for review. We will be validating that framework with the plan boards. We've taken everything that they've given us, and we have put together a framework and a draft report. Pending their comments we will then finalize the framework and submit it to the minister for his consideration. So we're close on this one.

Then on an ongoing basis risk management reporting will be added to the mandate and roles documents for each board as the risk management report and framework will be periodically reviewed. We should see implementation commencing in July of this year.

Dr. Turner: Thank you very much.

I'll turn it over to my colleague Mr. Dach.

Mr. Dach: Thank you. A quick question with the little time that I have left here in this segment. It's my understanding the previous government allowed some pretty big bonuses to be paid to executives in ABCs when the practice was discontinued in the core public service and in AHS after some public outcry. How big were the bonuses that have now been eliminated, and why do you think the previous government failed to produce guidelines on the payment of bonuses previously?

Mr. Werry: The practice of bonuses or variable pay or short-term incentive pay or sometimes called pay at risk can be a very positive compensation practice in a number of types of organizations. I think what happened over time is that that practice moved into some organizations who may not have been in truly competitive circumstances. It is broadly used in competitive situations. We've been able to take that away from those organizations that we didn't believe were in a competitive position.

The Chair: Thank you, and thank you, Mr. Dach, Dr. Turner.

I will turn this over to the third party. Mr. Gotfried.

Mr. Gotfried: Thank you, Mr. Chair, and thank you to our presenters today for providing us with some detailed information. I just wanted to note, as the Auditor General has noted, that your annual report contains four desired outcomes. The first desired outcome is "strong and sustainable government finances." Do you feel that our current financial direction, with heavy deficits and mounting long-term debt, is sustainable, and how will you address that in the current and coming fiscal years?

Ms Rosen: I think that with respect to the annual report and the sustainability of 2015-16, which is the report that is under discussion, if we look at page 19 of the annual report, it actually talks about what sustainability means. It means "having sustained revenue streams through competitive, fair and effective revenue programs and advanced tax systems." It means having "cost saving initiatives that limit the rate of growth in government spending to the combined rate of population growth plus inflation," and it means, quite frankly, having "sound investment strategies that grow Alberta's finances."

9:55

If I look at those and how we fare, on the following pages of the annual report it does highlight the results and contributions from

2015-16. The efforts to monitor Alberta's tax system and the changes implemented are documented on page 20, and I think we can say with some pride that we actually have done a good job with respect to monitoring the tax system and ensuring that it's fair and equitable. The rate of return for the Alberta heritage savings trust fund is shown on page 22, with the 2015-16 actual results of 10.5 per cent exceeding the target of 7 per cent, although I absolutely understand the Auditor General's comment about: it's not just the results that are important; it's also how we view these things and how we move forward. I think that the way Alberta treats its investments in particular is very forward looking and bodes well for our future in terms that we're the only province with a sovereign wealth fund, and we are protecting the principle with respect to that.

The rate of growth in spending in 2015-16 was 2.7 per cent, under the combined rate of population growth and inflation of 3.1 per cent as shown on page 31. I think that it's really important, when we use terms like "sustainability," to actually understand what that means. Any government will go through periods of time where with revenues that are volatile – and income tax revenue and resource revenue are volatile – one might experience deficits, but it's the longer term approach to sustainability that one really has to look to for performance. I would say that we have the hallmarks of good performance in these results.

Mr. Gotfried: Thank you, Ms Rosen.

Following up on my question, it's my understanding that debt-servicing costs may exceed a billion dollars for the upcoming year. Now, talking about sustainability, the Auditor General previously noted in his presentation that sustainability is the degree to which government can maintain services and financial commitments without increasing debt or taxation levels – that's his approach to sustainability – with no denial by your minister regarding the potential for future sales tax also being thrown into the mix here. Again, just taking on the kind of debt that requires the government to be responsible for such a high level of debt servicing before any operational or capital budget needs can be addressed, is that billion-dollar debt servicing a sustainable fiscal direction for Alberta?

Ms Rosen: I think that you have to evaluate this in an appropriate context, and the context for us is that across the rest of Canada Alberta still does very, very well with respect to the amount that it spends on debt servicing and, by extension, on debt overall. I also think that it's important to understand that it's not just through choice that one actually looks at tax increases or the cost of services. In tough economic times the use of certain kinds of services, the volume, goes up. In order to ensure that we have programs and services for Albertans that Albertans expect, one does have to make some accommodations on an annual basis with respect to how you actually move forward in terms of spending and revenues.

I guess, Mr. Gotfried, all I'm trying to say is that it's not an easy answer. It's a complex situation with many different factors, and I do believe that at this point in time we are looking at all of those factors in looking at: what is the right mix? What's the right mix of debt? What's the right debt-servicing level? In judging ourselves and our sustainability, we look to see where we fit in across the country, and we're still number one with respect to the lowest debt to GDP across the country.

Mr. Gotfried: Okay. Maybe that leads into my third question, which is on, you know, desired outcome 3, accountable, effective, and efficient government. Can you please outline for the committee what processes, programs, or incentives are in place for government departments, individual teams, units, or employees to increase efficiency, which I think speaks to what you were addressing in

terms of expectations of the public, and thereby control or reduce costs? How else do you foresee that you will find any savings and true accountability to current Alberta taxpayers or future generations responsible for the burden of the resultant long-term debt?

Ms Rosen: In terms of the effectiveness and efficiency of government I think that the ministry business planning and reporting cycle, you know, which consists of developing ministry business plans, which do include performance measurements and indicators, assists ministries in assessing their performance and helps them to then, as the Auditor General indicated, look at their performance and results with an eye to improving and getting better. I also believe that government has set some in-year savings targets, that have been across-the-board targets, of \$250 million this year. I believe that those kinds of exercises encourage, then, departments to look at how they deliver services because those in-year savings are not to be achieved through the reduction of services. They're to be achieved through efficiency.

The Chair: Thank you.

Mr. Gotfried: Thank you, Ms Rosen.

Ms Rosen: You're welcome.

The Chair: Mr. Fildebrandt.

Mr. Fildebrandt: Thank you, Mr. Chair. I want to follow up on some of Mr. Gotfried's questions that I'm not sure were adequately addressed. Outcome 1 is "strong and sustainable government finances," and sustainability is described as "the degree to which government can maintain services and financial commitments without increasing debt or taxes." We're borrowing a quarter of our budget a year. You know, we might be spending a billion dollars a year on debt interest payments, relatively low to other provinces, but that's because we came from a position where we were once debt free. But we are borrowing a quarter of our budget a year, and we're increasing taxes very regularly. How is it possible that the department can by any measure be meeting the sustainability portion of this outcome?

Ms Rosen: I'm just going to repeat that . . .

Mr. Fildebrandt: I don't want anything repeated because I was not satisfied with those answers. I'd like it addressed how, when we're borrowing a quarter of our budget, it is at all conceivable that we are meeting this definition of sustainable finances.

Ms Rosen: That's not the definition of sustainability that's actually in the annual report. The definition of sustainability that's in the annual report looks at three major pieces. It looks at revenue streams and fair taxes. It looks at . . .

Mr. Fildebrandt: I'm defining it as defined by the Auditor General: "the degree to which government can maintain services and financial commitments without increasing debt or taxes." We're increasing our debt by 12 and a half billion dollars a year – that would seem to be not meeting that commitment – and we are increasing taxes every single year based on the carbon tax and several other measures. So based on what the government is doing, how is it possible that we are coming anywhere close to meeting the Auditor General's definition of sustainability here?

Ms Rosen: In terms of the Auditor General's definition of sustainability I believe that it's entirely dependent on how you actually

approach this, whether it's short-term or longer term. It's about trade-offs. It's about whether or not you want to increase revenues, decrease expenditures, and how you actually get that mix on an ongoing basis, and it's about looking at it longer term as opposed to on an annual basis.

Mr. Fildebrandt: Longer term there's not even a theoretical date to balance the budget. We're supposed to run until at least 2024, probably beyond unless oil hits over \$100 a barrel, so short- and long-term we seem to not be meeting this. Is there any sense that the department is going to be able to meet the Auditor General's definition of sustainable finances?

Ms Rosen: In terms of sustainability I'm going to again point to the fact that it is not an absolute measure and that on the basis of comparing ourselves to other provinces across the country, we do very well.

Mr. Fildebrandt: We're borrowing a quarter of our budget a year. I think that's more than any other provinces.

Okay. Well, we'll move on. Page 22 of the budget lists personal income tax, corporate income tax, education property tax, other taxes, and then something called carbon levy all under the heading of Tax Revenue. I think by most legal definitions the so-called carbon levy is a tax. In the department's coming annual report will the so-called carbon levy be listed as a tax?

Ms Rosen: The carbon levy is listed as a source of revenue.

10:05

Mr. Fildebrandt: But it's listed under tax revenue in the budget because it meets the legal definition of a tax. Regardless of whatever we call it, it's the legal definition of a tax. Will it be categorized as a tax in the annual report?

Ms Rosen: In the one coming up?

Mr. Fildebrandt: Yes.

Ms Rosen: If I could ask Joffre to respond to that.

Mr. Hotz: Joffre Hotz with Treasury Board.

The Chair: Some of our members on the phone are having a hard time hearing you, so if you can go right up close to the mike – I apologize; I know it's pretty low there – and state your name and your title.

Mr. Hotz: Joffre Hotz with Treasury Board and Finance, executive director with tax policy. To the question, "Is it going to be reported specifically as a tax or a levy?" there is no indication at this point that it would be reported any differently than how it was reported in the budget documents that you're referencing.

Mr. Fildebrandt: Okay. Perhaps if you can explain how it is possible that – you know, it meets the definition of a tax, so therefore it has to be listed under tax revenue. How is it that the government is able to call it a levy when it fits the definition of a tax and has to be reported with personal income taxes, corporate income taxes, education property taxes? How is the government able to distinguish between the two when it is listed as a tax?

Ms Rosen: I can answer that question. It fits the definition of a levy. For the dictionary that you have looked at, if you also look up levy, it also fits the definition of a levy, and it's what this government has chosen to call this particular revenue stream. It's a levy.

Mr. Fildebrandt: It's listed under tax revenue. You're saying that it also could fit the definition of a levy. But it does fit the proper definition of a tax. Are you saying that it's able to be called a levy for semantic reasons but not legal?

Ms Rosen: I think that it is able to be called a levy because it is a levy.

Mr. Fildebrandt: A levy on what? Like, for breathing?

Ms Rosen: It's a levy on emission-producing fuels.

Mr. Fildebrandt: Okay. Thank you.

The Chair: Thank you, Mr. Fildebrandt.
Mr. Dach.

Mr. Dach: Thank you, Chair. I'll continue on with some of my questions that were related to the ABCs and compensation thereof. Can officials from the Public Agency Secretariat provide some background on the payments of special benefits that were provided to some of the executives in the ABCs before they were banned by this Minister of Finance?

Mr. Werry: When we looked at the overall compensation for CEOs in the ABCs that we examined, if you're referring to or alluding to things that are called perks or, as I learned when I took this file, perquisites, if you want to head to the dictionary on that one, there were relatively modest perquisites within that bundle. When we spoke to folks last week on this, the total of those payments was about \$30,000 for all of the CEOs. There were some things in there that you wouldn't normally see, but they were not large amounts, so we just chose to craft the regulation to say: anything not especially allowed is prohibited. There were things like duplicate housing allowances and provisions for club memberships, but again they were not large amounts of money in that pool.

Mr. Dach: All right. Thank you.

You've alluded to some of the perquisites that I was going to ask about in my second question. With respect to, say, public-sector executives who were receiving perks like golf club memberships and access to private health care, can you share with the committee a few other examples of where you found these perks? I'm pretty sure Albertans would like to know. Regardless of your answer I'll respect whatever you have to say because it's your prerogative to answer how you wish and my prerogative to listen and accept your answers.

Mr. Werry: Again, the kinds of things we saw: some duplicate housing allowances, perhaps some vehicle provisions that were above what we would see in the broader public service, some of those kinds of pieces. But, again, there was nothing that we saw that was egregious in that. Obviously, if it only amounted to \$30,000, it was not wildly out of line. Again, it was just part of the due diligence in making sure we had a system that works in comparison to the broader public sector.

Mr. Dach: All right. Thank you.

Now, I understand that the new compensation frameworks finally set a uniform cap on severance pay that was absent under the previous government. Can you let us know what the new cap on severance is and how it aligns with severance pay in other ABCs across Canada?

Mr. Werry: The provisions that we've set are four weeks per year of service up to a maximum of 52 weeks, or 12 months. That would be seen as comparable to some other jurisdictions and perhaps a bit stronger than some other jurisdictions. So it would be at the lower end of severance provisions in most jurisdictions.

Mr. Dach: All right. I'll continue on. So far, Mr. Chair, we've seen a number of important steps taken by the government to reform agencies, boards, and commissions. If I recall correctly, 26 ABCs were amalgamated or dissolved in phase 1. In addition, the sunshine list was extended to cover ABCs to provide more transparency for Albertans, and on Friday the Minister of Finance released compensation frameworks for ABCs. Can officials from the Public Agency Secretariat outline the work that remains to be done in phase 2 and phase 3 and what the big-picture objectives are?

Mr. Werry: In phase 2 we'll be looking at about 144 organizations, organizations like APEGA, the Association of Professional Engineers and Geoscientists of Alberta, and so on. They are very much professional regulatory organizations. In those organizations the government does appoint public members to the board, but there isn't a considerable amount of public money going out through those organizations. We will be looking at those organizations from a relevance point of view. Are they still necessary? Is the government representation on the board appropriate? Is the public interest being served by the work of these organizations? That's part of phase 2, and that work will be starting momentarily.

Phase 3 will address postsecondary institutions across the province. The Minister of Advanced Education has had a beginning conversation with those organizations, and myself and some of my colleagues will be meeting with them later this week to begin the process to look at compensation in that realm along with conflict of interest and, again, relevance and governance practices. In addition, the organization will be working towards some practical measures to help boards improve their governance practices on a go-forward basis.

Mr. Dach: Okay. I'd like to drill down a little bit further into the compensation frameworks for ABCs that were released by the Minister of Finance this past Friday. I'm wondering if officials can describe in some detail how the appropriate pay for executives in the ABCs was determined, what the model was, and why the model was chosen. If appropriate, can officials share why there was no framework in place previously?

Mr. Werry: The approach we took was to contract a very reputable national compensation consultancy, the Hay Group, now called Korn Ferry, who has a proprietary instrument that looks at 200 broader public-sector jobs across Canada. Twenty-nine of those jobs were in Alberta. We did work with them, side by side, and used their framework to build the framework that we've put in place. It looks at all of the jobs from the point of view of complexity and scope and the level of financial responsibility and all those kinds of things. So that's the way we looked at it.

The Chair: Thank you very much.

Mr. Gotfried, with the third party.

Mr. Gotfried: Thank you, Mr. Chair. I'd like to follow up again on outcome 3 as outlined in your annual report. Alberta has the highest weekly public-sector wage compensation in Canada, excluding the territories. Given that we do not have the best measurable outcomes as benchmarked nationally across various departments, it would seem to me that there's an efficiency gap. Could you outline any ministry plans to address the disparity as benchmarked against other

jurisdictions and possibly the private sector, as appropriate, between employee compensation levels, ministry budgets, and outcomes?

Ms Rosen: Mr. Gotfried, in terms of the work that's currently being done, we of course have good data now with respect to where we sit with public-sector compensation levels compared to the rest of the country and do acknowledge that it's a significant part of our cost. From a perspective of understanding where we have opportunities for efficiency, however, I think that efficiency is different from price. From a perspective of efficient behaviour and whether or not there are different ways that we can do things – we are certainly looking at that as well, trying to develop initiatives to actually look at reducing the manpower requirements through efficiencies. In terms of looking at the price component and the cost of the public service, we are looking at that, absolutely.

10:15

Mr. Gotfried: Okay. Thank you.

That leads me to my next question. I'd like to look back at some of the February 2014 recommendations from the Auditor General, and I'd like you to provide an update on the status of some of the implementations around public pension plans. As our research team here has previously pointed out, the implementation may have been delayed by bills introduced under previous administrations dating back to September of 2014, and there seems to be enough time elapsed since then to implement these recommendations, which could have a significant impact on public finances and sustainability. Just an update of current timelines for implementation of some of the public pension plan reforms as recommended by the Auditor General would be appreciated.

Ms Rosen: I want to clarify that the recommendations around the pension plans are not about the cost of those plans. They're about the risks involved with pension plans and, specifically, more about whether or not the minister in his role of trustee of those plans is well prepared to actually understand and help mitigate the risks around those plans.

The reason that it's taken so long is because we have a number of pension plan boards that look at enterprise risk management, and while pensions, by and large, are based on the same principles, there are some variances between the pension plans, between the local authorities pension plan, the management employees pension plan, the special forces pension plan, and the public service pension plan. So it was important for us to work with each one of those organizations to understand how they evaluate their risks – how they actually look at: what are their highest risks, what are their lower risks, what's the likelihood of those risks occurring? – and do an accumulation of all of that information, which we have done. We have identified risks from all four plans, and we have got statistics on whether or not those risks are the same, weighted the same across all of those plans.

We've built from that a framework and a reporting mechanism for the minister – I actually just signed off on that here this week – which will then be going to the minister for review with a goal of having it fully implemented by July.

I think that it's taken a while because there are quite a few stakeholders. Pensions are serious business for people, and it's the kind of thing where you really have to be respectful of stakeholders and their opinions and their information, and there's really no way to shortcut that kind of discussion.

Mr. Gotfried: Okay. Thank you, Ms Rosen.

I guess that leads me to my next question. As much as there obviously has to be respect in terms of the commitments made there, there also has to be respect for the sustainability of that. How

does the government plan to address the ongoing issue of pension liabilities given the assertions by the Auditor General that increased longevity and early retirement may adversely affect pension sustainability and that contribution rates have reached a practical ceiling? I look at this in light of: how will this align, again with deference to the insights of the Auditor General, with the degree to which government can maintain services and financial commitments, of which, of course, pensions are a significant one, without increasing debt or taxation levels?

Ms Rosen: I want to say that right now, when we're looking at the sustainability of pension plans, we don't have any current plans to comprehensively review unfunded liability and benefit structure. When we look at . . .

The Chair: Thank you, Ms Rosen. Thank you very much.

We have time for three three-minute rotations. If we could start with Mr. Fildebrandt.

Mr. Fildebrandt: Thank you. All right. I'll keep my questions brief, and hopefully answers could be pointed and brief as well. Last week we had the third-quarter results come down, and it was indicated that the government is in direct contravention of the financial transparency act for a \$1.1 billion payout for the early phase-out of coal. The government has broken the law. Is anyone being held accountable for this?

Ms Rosen: In terms of accountability, I think that the accountability came from the Q3 reporting, where we were very transparent with respect to those transactions and the fact that it put us outside of that act.

Mr. Fildebrandt: I wish I could get off the hook and just admit I broke the law every time I speed.

All right. The Finance minister and members of the government have made statements saying that there will not be a PST during the current term of this government but that a provincial sales tax or harmonized sales tax in some form is a possibility going forward. Does the department have any studies currently under way or completed about the feasibility of a provincial sales tax?

Ms Rosen: Studies, no; an assessment of what a sales tax would generate, yes.

Mr. Fildebrandt: All right. So the government has briefings prepared for the minister, et cetera, with different options about a potential sales tax?

Ms Rosen: No.

Mr. Fildebrandt: What has really been done up front?

Ms Rosen: Just in terms of analyses we actually, of course, do understand what a sales tax would generate from a revenue perspective. That's just an economic analysis that has been done. There's been no briefing to the minister with respect to that. There has just been an indication that this is what a sales tax would generate. But that was done just as a part of an overarching economic analysis. It's just prudent. That's what Treasury Board and Finance does. We do analyses, and we provide the results . . .

Mr. Fildebrandt: Thank you.

Back to my follow-up to the first part of the question. The government is in direct contravention of the financial transparency act. Did the government knowingly break the law when it made this expenditure?

Ms Rosen: No.

Mr. Fildebrandt: Then how is that – could they not reverse their decision for that expenditure?

Ms Rosen: In terms of this particular transaction, we had indicated at the Q2 reporting that we were looking at the appropriate accounting treatment because the money has not actually gone out the door. What we're talking about is an accounting transaction. There was a position taken by Treasury Board and Finance with respect to the appropriate accounting treatment of this particular transaction which would . . .

Mr. Fildebrandt: At what time did the government understand that it was in contravention of the law?

Ms Rosen: In terms of the accounting transaction . . .

The Chair: Thank you, Ms Rosen. You can respond to that in writing if you wouldn't mind.

Mr. Dach.

Mr. Dach: Thank you. I'll finish my line of questioning in the three minutes we have remaining. Thank you for that allotment, Mr. Chair.

In the past, compensation practices at some ABCs appeared to be completely out of control while in others they seemed to be about right. Put another way, there was a lot of variability. With the new systems that are in place, are we more likely to see less divergence in the future?

Mr. Werry: In the interest of brevity: yes.

Mr. Dach: Okay. Thank you.

Can Albertans be assured that the days of the out-of-line perks and out-of-line pay are a thing of the past? Can we be assured that the public paying for golf club memberships won't be happening in the future?

Mr. Werry: Yes.

Mr. Dach: There we go.

Again, my question is for officials in the Public Agency Secretariat. First, I'd like to applaud your work, of course, and the work of the Minister of Finance in getting control of compensation practices at ABCs. It was a long time coming, and it's important work. People in my constituency are pleased to see that this action is finally being taken, but I'm wondering whether other provinces have taken similar action to deal with their agencies, boards, and commissions.

Mr. Werry: There's been action taken in British Columbia, Ontario, Quebec, and Nova Scotia.

Mr. Dach: Okay. Second, previous to this past Friday and the Minister of Finance's review of ABCs – do you know why the previous government let ABCs set their own compensation without proper oversight?

10:25

Mr. Werry: I really can't speak to that question.

Mr. Dach: I'll finalize with one final question. It relates to compensation practices in ABCs and how Alberta compares to other jurisdictions. Before the Minister of Finance made changes this past Friday, we've seen that the CEO of the Workers' Compensation Board will have their salary reduced by over 50 per

cent. I believe they used to make roughly \$900,000 a year. Therefore, my question is: how much was the CEO of WCB in Alberta paid relative to the CEO of WCB in Ontario, the largest province, and more generally how have salaries in Alberta's ABCs compared to ABCs in other large provinces?

Mr. Werry: In some cases they were directly aligned, as you alluded to earlier. There was a good portion, probably about 50 per cent, that were in line with other jurisdictions and others that were above, in some cases as much as 20 or 30 per cent above.

Mr. Dach: All right. Now, for the benefit of Albertans who may be listening to the committee proceedings today, can officials from the Public Agency Secretariat let us know which agencies, boards, or commissions will have their salaries reduced, by how much for each of these CEOs, and what the expected savings are? Roughly what percentage of CEOs will see total compensation decreased?

The Chair: Thank you for that.

If you wouldn't mind responding to that in writing.

Mr. Werry: Not a problem.

The Chair: We would appreciate that.

All right. Mr. Gotfried.

Mr. Gotfried: Mr. Chair, thank you. I'm concerned with the issue of pension liabilities. I think all Albertans are concerned with those liabilities as our ability to address them actually goes straight to red ink. I'm concerned about any projections you have on possible borrowing or cash calls, as I'll call them, that you may be anticipating over the next 36 months to address unfunded pension liabilities in the noted public pension plans, which you mentioned earlier, but also including pension commitments included in other collective agreements which are attached to the public purse.

Ms Rosen: I think that it's important to understand that we're actually not in bad shape right now. Comparing the net assets available for benefits to the pension obligations for each pension plan, public-sector plans right now are greater than 99 per cent fully funded. If we add in the future benefit liabilities but exclude the pre-1992 unfunded liabilities, the public-sector plans are 97 per cent fully funded. There was a decision made by the previous government to take on the pre-1992 unfunded liabilities for the teachers' pension plan, and that is a liability that still sits on the books and will be paid off over time, over a 30-year period of time. It amounts to \$8.08 billion in 2016 and is budgeted for and paid down on an annual basis.

Mr. Gotfried: By Albertans. By Alberta taxpayers.

Ms Rosen: Yeah.

But the plans themselves are actually in very good shape right now, at 99 per cent funded.

Mr. Gotfried: Okay. Is that liability, then, shown on our balance sheet at this point in time, or is that . . .

Ms Rosen: It is. The payments for the pre-1992 liability actually show up in Treasury Board and Finance's financial statements.

Mr. Gotfried: Okay. I just have one last quick question – I may not have a chance to get it in here – on the outstanding recommendations by the Auditor General from October 2015. One of the issues was unfilled corporate income tax. This is still outstanding. I'm wondering if you've seen a rise in corporate tax filing delinquency

in the current economic situation, and how are you addressing this troubling challenge?

Ms Rosen: I'm actually going to ask Mr. Ayton from our tax and revenue administration to speak to that.

Mr. Gotfried: Thank you.

Mr. Ayton: Good morning. Yes. We addressed all the recommendations and have implemented all the recommendations from the Auditor General. Have we seen an increase or not? No, not necessarily. We are implementing our procedures as adjusted, and we have reinstated the default assessments with respect to nonfilers, so we are addressing that concern expressed by the Auditor General.

Mr. Gotfried: Thank you.

The Chair: Thank you, Mr. Gotfried.

We have one minute to get questions in. Are there any questions for written response?

Mr. Fildebrandt: I have long written questions.

The Chair: Okay. Can you get in one of the questions really fast, Mr. Fildebrandt?

Mr. Fildebrandt: Are we on written questions now?

The Chair: Yeah, we're in position . . .

Mr. Fildebrandt: Okay. Thank you.

Mr. Gotfried: I have one as well, sir.

Mr. Fildebrandt: I'll try to be quick because I've got quite a few to read in. Given that we guarantee 100 per cent of ATB's debt, what steps are being taken to ensure that we do not face liabilities for taxpayers?

I have more than that.

Mr. Gotfried: Given the sustained downturn in the economy, small and medium-sized enterprise and corporate losses, can you please address your projections and the risk of further reduction in corporate tax revenues in hopes of reducing our deficits?

Mr. Fildebrandt: On what date did the government become aware that it was in violation of the financial transparency act?

On page 19 of the annual report it talks about cost-saving initiatives. Were these recommendations in the form of a brief, memo, meetings, report, et cetera? Will the recommendations be made public, and can you table the recommendations?

The Chair: I would like to thank the officials from the ministry of Treasury Board and Finance for attending today and responding to the committee members' questions. We'd ask that any outstanding questions be responded to in writing within 30 days and forwarded to the committee clerk.

We will now take a break and return in 10 minutes. Thank you very much.

[The committee adjourned from 10:32 a.m. to 10:40 a.m.]

The Chair: I'd like to welcome our guests from the Ministry of Children's Services. My name is Scott Cyr, the MLA for Bonnyville-Cold Lake and chair of the committee. I'd like to ask the members, staff, and guests joining the committee at the table to introduce

themselves for the record, starting at my right, and then I'll go to the members on the phone.

Mrs. Littlewood: Jessica Littlewood, MLA representing Fort Saskatchewan-Vegreville and acting deputy chair.

Ms Miller: Barb Miller, MLA for Red Deer-South.

Mr. Dach: Lorne Dach, MLA for Edmonton-McClung.

Dr. Turner: Bob Turner, Edmonton-Whitemud.

Ms Renaud: Marie Renaud, St. Albert.

Mr. Gotfried: Richard Gotfried, Calgary-Fish Creek.

Mr. Hattori: Good morning. Mark Hattori, ADM for child intervention, Children's Services.

Ms Bouwsema: Darlene Bouwsema, Deputy Minister of Children's Services.

Ms Iatridis: Good morning. I'm Gloria Iatridis, the ADM for indigenous and community connections, Children's Services.

Ms Debaji: Good morning. Maureen Debaji with the office of the Auditor General.

Mr. Saher: Merwan Saher, Auditor General.

Dr. Massolin: Good morning. Philip Massolin, manager of research and committee services.

Mrs. Sawchuk: Karen Sawchuk, committee clerk.

The Chair: I'd like to have the members on the phone introduce themselves. Mr. Barnes, Member Cortes-Vargas, Ms Luff, Member McPherson, Mr. Malkinson, and Mr. Hanson, can you please introduce yourselves?

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

Mr. Malkinson: Brian Malkinson, MLA for Calgary-Currie.

Cortes-Vargas: Estefania Cortes-Vargas, MLA for Strathcona-Sherwood Park.

Ms Luff: Robyn Luff, MLA for Calgary-East.

Ms McPherson: Karen McPherson, MLA for Calgary-Mackay-Nose Hill.

Mr. Hanson: David Hanson, MLA for Lac-La Biche-St. Paul-Two Hills.

Mr. Panda: Prasad Panda, MLA for Calgary-Foothills.

The Chair: Thank you.

Members should have the research reports prepared by research services, the Auditor General's briefing documents as well as an updated status of the Auditor General's recommendations document completed and submitted by the ministry.

I invite the officials from Children's Services to provide opening remarks, not exceeding 10 minutes.

Ms Bouwsema: Thank you for the introduction, Mr. Chairman. This is the first meeting with Public Accounts for the new Department of Children's Services, and we very much appreciate the opportunity to respond to the Auditor General's July 2016 report on

systems to deliver child and family services to indigenous children in care.

Before I go any further, I'd like to introduce the members of my team here today to support me in providing answers to the questions you are likely to have. To my left is Mr. Mark Hattori, assistant deputy minister, child intervention. Mr. Hattori is responsible for child intervention service delivery, policy and program development, and quality assurance oversight. This includes working alongside the 17 delegated First Nations agencies and crossministry work on those areas that bring children and families to the attention of child intervention.

To my right is Gloria Iatridis, assistant deputy minister, indigenous and community connections. She is responsible for ministry engagement with indigenous people, communities, and stakeholders. Her team also supports building intercultural understanding, providing indigenous knowledge and innovation for strategic initiatives.

Behind me I have Carol Ann Kushlyk, assistant deputy minister, corporate services. Ms Kushlyk is responsible for the ministry's financial management, which includes financial planning and fiscal development, year-end reporting, and related policies and processes.

I want to start by saying that we value the input of the Auditor General in helping us to be the best we can be. As Minister Larivee has stated, when it comes to child intervention, we have more than 10,000 reasons to get it right, and more than 6,000 of those reasons are indigenous children. I want to start my comments by acknowledging that we are all working towards the same goals: addressing the overrepresentation of indigenous children in care and ensuring that indigenous children who receive intervention services are safe, cared for, and receive the services and supports they need to thrive. To that end, we have accepted all of the Auditor General's recommendations and are in the process of implementing them.

One of his recommendations that affects all that we do is ensuring that our interactions with indigenous children and families are culturally appropriate. Building intercultural understanding is a priority in the ministry. This year we have been providing cultural training with Children's Services staff at all levels throughout the ministry. To date 124 Children's Services staff have participated in the blanket exercise, and 40 staff have participated in the Gently Whispering the Circle Back residential school training.

The blanket exercise is a half-day experiential activity that engages people's hearts and minds in the historic and contemporary relationship between indigenous and nonindigenous peoples in Canada. Participants overwhelmingly agree that the blanket exercise helps them better understand the realities of indigenous peoples.

Gently Whispering the Circle Back is an interactive and experiential two-day training session on residential schools delivered in partnership with Blue Quills First Nations College. The intent of this training session is to help participants understand the historical and intergenerational impact of residential schools on indigenous people and their communities. Participants also learn how indigenous cultural ceremonies and healing practices can lead to greater healing for those living through the legacies of residential schools.

Children's Services has been evaluating the training sessions throughout the year and is continually reviewing the findings and adjusting the training to ensure it is delivered in the most successful way possible. We will be continuing to provide opportunities for intercultural training in collaboration with indigenous leaders and communities. The desired outcome will be policies, programs, and services that support better outcomes for indigenous youth and families.

What we do with and for young indigenous children has a significant impact on their lives. Evidence shows that early support services produce positive outcomes; however, these services also need to be culturally appropriate. That is why we are updating and refreshing our approach to prevention and early intervention programs so they better reflect the needs of indigenous children and their families. We will be building on our relationships with indigenous people and working with them to ensure that the Children's Services prevention and early intervention programs are culturally appropriate and evidence based. This work will include developing processes to better measure their outcomes and effectiveness, as was recommended by the Auditor General. It is important to recognize that everything we do in relation to indigenous children will be viewed through the lens of the Truth and Reconciliation Commission calls to action and the United Nations declaration on the rights of indigenous peoples.

We are also in agreement with the Auditor General's call for a child-centred approach when dealing with indigenous children in care. We fully agree that all children, both indigenous and nonindigenous, deserve the same standards of care. With that in mind, we have undertaken a review of our current standards, measures, reporting, accountabilities, and analysis for all children. The intent is to strengthen and expand the focus on results for indigenous children by specifically monitoring care plans, aligning program standards with First Nations practice standards, and creating reports for both indigenous and nonindigenous children in child intervention. This will provide us more information for us to learn from, support us to continuously improve, and will also ensure greater accountability through more detailed public reporting.

It is worth noting that current approaches to child intervention are showing signs of success. These approaches focus on working more closely with families and building greater capacity within caregivers to support a child's safety and well-being. Approaches like signs of safety are aligned with the indigenous philosophy and fundamental belief that people supported by family and communities are in the best position to create the most effective solutions for their own challenges. This discipline and rigour support staff to better understand the differences between harm, danger, safety, and well-being. Ultimately, it supports staff through some of the most difficult decisions like whether a child should remain with their family or should come into care. Since 2012 we have seen a significant decline in the number of indigenous children in care, and we remain committed to continuing to support families to keep their children safe at home whenever possible.

Before I answer your questions, I think it's important to understand the context in which much of the work of child intervention takes place. As we talk about systems, process, reporting, and data, we must all be aware that what we are talking about is people, young, vulnerable people. As the Auditor General has pointed out, many of our systems are complex, but people are complex. When you are responding to different cultural norms, the complexity is greatly increased.

10:50

When we say indigenous culture, it gives a sense that there is one indigenous culture. There isn't. There are different norms, attitudes, and values among First Nations, Métis, and Inuit, and there are differences among First Nations themselves. We need systems that address both commonalities and differences and are working to make that a reality. In many cases there are also differences of opinion amongst members of the same family as to the right thing to do and when it should be done. Even in the most dire of circumstances there can be disagreements on what should be done.

I experienced that same kind of challenge first-hand when I was working as a paramedic. I'd like to share one of those stories with you. It was a call for a nonresponsive female. When I arrived, the patient was in cardiac arrest, and several family members were in the room engaged in a very heated argument. Some were blocking my access, saying that their mother would not want resuscitation and that there was a DNR in place although they couldn't produce the document. They said that they would sue if we attempted resuscitation. The rest of the family was saying that they would sue if we didn't attempt resuscitation. It was a very explosive situation, and the patient was dying. I share this story as an illustration of how sometimes you don't have the luxury of time. Sometimes you have to make your decision very quickly with only the information you have at hand.

My experience is not all that different for many of our front-line workers. In the circumstances in which they find themselves, there are often no easy answers. There is no guarantee that what has worked in the past will work in present circumstances. Each set of circumstances will require thoughtful, effective, respectful responses, which must be made within what are often severe time constraints. It would be nice if we could have a hard-and-fast set of rules to be followed in every circumstance. We don't because, as we all know, life doesn't unfold following a set of rules. In many ways what happens within child intervention is a microcosm of the strengths and weaknesses of our society.

The issue of adolescent suicide is just one example. Suicide is the number one cause of death for indigenous adolescents and is an issue that goes far beyond what can be effectively eliminated by child intervention alone.

The Chair: Thank you.

Ms Bouwsema: I'll end there.

The Chair: All right. Mr. Hanson. Sorry. Bear with me here. I am skipping a spot here.

I will turn it over to the Auditor General for his comments. Mr. Saher, you have five minutes, please. Go ahead.

Mr. Saher: Thank you, Chair. The audit being discussed this morning is the audit report on Children's Services systems to deliver child and family services to indigenous children in Alberta. The reason we chose to conduct the audit is that indigenous children are overrepresented in the system. Although only 1 in 10 children in Alberta is indigenous, 69 per cent of children in care are indigenous.

I'd just briefly like to summarize the three recommendations we made. We recommended the department should provide early support services to meet the needs of indigenous children and families, and it should report publicly on the effectiveness of those services. The second recommendation: the department should provide each indigenous child with care appropriate to his or her needs by ensuring that all care plans meet the standards of care the department sets for all children. The department should report publicly on its progress in achieving this result. Thirdly, we've recommended the department should provide all its staff with training on the history and culture of indigenous peoples, working with indigenous partners to develop the training.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Saher.

All right. We'll follow the usual time allotment format of one and a half hours for questions from the committee members. The first rotation will be two rounds of questions with eight minutes each for the Official Opposition, government members, followed by five

minutes for the third-party opposition. Our second rotation will be five minutes for each of these parties. With the agreement of the committee any time remaining will be distributed equally amongst the three parties.

I will now open the floor to questions from the members. I will also note that one to two minutes should be designated for the outstanding questions to be read into the record at the end of this meeting.

Mr. Hanson, are you ready to start your questioning?

Mr. Hanson: Ready to go, sir.

The Chair: Please proceed.

Mr. Hanson: Okay. Thank you, Chair. A few questions here. I'll start that in 2008 the government of Alberta supported Jordan's principle, yet the Auditor General noted on page 31 that "there was no plan or documented process." He additionally noted that you don't even know how many Jordan's principle cases there are. So what are you going to do to implement Jordan's principle? How will you do it and when?

Ms Bouwsema: Thank you for that question. As of 2015 we've been involved in a trilateral partnership with the federal government and with the First Nations communities. That group approved an action plan in April 2015. At that time the two priorities that they deemed to be the most important to work on initially were, one, a strategy to register all eligible First Nations children in care for Indian status, and we have been making good progress on that recommendation.

As well, their second priority initially was to secure long-term, ongoing, and equitable funding for First Nations designate positions in treaties 6, 7, and 8. However, given the recent reports of the Auditor General and the office of the Child and Youth Advocate and other key events such as the TRC calls for action and the UN declaration the senior officials of that partnership decided that they should take another look at their action plan to see if it addressed the most current recommendations and approach.

On November 29 and 30 of 2016 the partnership hosted a two-day child and family symposium to look at the current information and reaffirm the recommended actions. There was staff from across the province, approximately 150 individuals, and the topics they discussed were the TRC calls to action, Jordan's principle, the OCYA report – and Mr. Graff was present – as well as the OAG report, and the AG's office was also present. A report was prepared on that symposium, and that'll be used to set priorities for '17 and '18.

As well, the federal government just on February 14 made an announcement about how they were moving forward with Jordan's principle. Alberta is still working with the federal government and the First Nations on the best way to implement Jordan's principle in our province, but the first step was the announcement from the federal government naming the body in Alberta that was going to be managing it on their behalf.

Mr. Hanson: Okay. Thank you. It's just that the concerning part there is that children do continue to die in care. We need to act on this sooner than later, and, you know, setting up more committees probably isn't the answer. We have to put some policies in place to protect these kids.

Anyway, going on, you had mentioned culturally appropriate services. I'd like to point out that things are very, very different, you know, even between treaties 6, 7, and 8, which cover most of our province, as well as Métis settlements. Could you please define

for us what culturally appropriate services means and where the differential is between those?

Ms Bouwsema: Thank you for that question. I think you identified one of the key issues there, that a one-size approach does not fit all. There are three treaty areas, there are 48 First Nations, there are the Métis and Inuit people, and the cultural values and beliefs between them are quite different, and we have to be respectful of everyone.

The other issue that we are faced with is that there are not very many indigenous recognized and approved resources available for training. We have been working very hard with our indigenous leaders, with the elders and the community experts, to try and rectify that situation.

11:00

We also believe that the type of training must be different in order to make a greater impact. For that reason, Children's Services has very much been focused on experiential learning rather than classroom-based teachings of the past. There's the blanket exercise training, that I referred to in my opening comments, and the residential school training, and that was our focus for this year. In the next year our plan is to start building off that knowledge and focus on reconciliation. What is it? What does it mean? What is the role that we have to play in reconciliation with indigenous people?

In addition, Ms Iatridis's division is also working on completing a cultural understanding framework in order that we can make all these pieces of training fit together, see where the gaps are and how best to keep providing that, keeping the information current as we get to learn more about those differences in values and beliefs between all of our First Nations and making sure that our training stays appropriate for our staff.

Mr. Hanson: Okay. Thank you.

It's my understanding that the department has received a proposal from Treaty 8 First Nations of Alberta to open an urban office in Edmonton to meet the needs of their children in the city. This would help to raise the level of care. Can you explain why their proposal has been continually turned down?

Ms Bouwsema: I'm sorry. I'm not aware of that proposal, so I'm going to refer that question to my colleague Ms Iatridis.

Ms Iatridis: The proposal is currently under consideration. It is something that has been brought forward to the trilateral engagement process table, where we have representatives from the ministry, from Indigenous Relations, from the federal government, INAC, Health, and treaties 6, 7, and 8. Actually, that proposal is being looked at as a more expanded approach around having an urban office that serves not just Treaty 8 but also treaties 6 and 7. I believe there are additional discussions taking place between Treaty 8 and INAC right now about a more specific focus on serving Treaty 8 members who are in the urban areas.

Mr. Hanson: Thank you for that.

It seems that it would make a lot of sense to me. I know that Edmonton is in Treaty 6 territory, but a lot of the people from Treaty 8 move into Edmonton as it's the closest big urban centre. Just geographically the difference in lifestyles between Treaty 8 and Treaty 6 First Nations is quite significant. It would only make sense to me that they would have representation working with social workers in those areas to protect the needs of their children. I'll just leave it at that.

When it comes to the differences between the different treaties, what kind of training recognition does your staff in the major centres of Edmonton and Calgary . . .

The Chair: Thank you, Mr. Hanson. I'm sorry. Your time is up. I'm sure you'll get another opportunity to ask your question.

Ms Renaud.

Ms Renaud: Thank you, Mr. Chair. Thank you for being here. I think we all understand just the incredibly complex nature of the work, and I first of all want to say that I am very thankful for all of the front-line workers. I have no doubt that they face very complex and difficult situations daily.

Maybe my question is a little bit simple, but I would like to know if you could explain to us, to this PAC, why results for indigenous children are less favourable.

Ms Bouwsema: We think there are four variables that are relevant to that question. One is around leadership, one is around having the appropriate resources, one is around manageable workloads for caseworkers, and one is around having real-time access to information in order to influence what you're doing.

With those four variables, certainly, the creation of Children's Services as a stand-alone ministry is allowing us to have a greater focus on children and children's needs.

As well, in 2015-16 \$37 million was added back into the child intervention budget to help stabilize that program and to implement specific practice training and supports that have a focus on indigenous children.

We've also been working with both AUPE, the staff, and a technical consultant to identify workload benchmarks and come up with a system that will help us look at that, including travel time and documentation and all of the other duties that caseworkers have. That has been accepted by the staff and the union. We're currently piloting a workload assessment management system, and we expect it to be implemented throughout the province in the summer of 2017.

As well, in 2015-16 the statutory director identified three key areas of practice that would be a focus of measuring and monitoring. They were face-to-face contact with the child, accurate placement information, and accurate legal authority information. In order to assist in that, we created a real-time reporting system that identifies in the electronic system when there's missing or incomplete data. In 2015-16 we're also breaking out our results – that was one of the findings from the Auditor's report – so that they are for indigenous and nonindigenous children, so we can have a focus on that.

In '16-17 the standards review checklist will be targeting care planning, which was also an area noted by the Auditor General.

Ms Renaud: Sure. Thank you.

I want to get a little bit more specific right now. On page 13 of the Auditor General's report it noted, "The department uses a variety of sources to obtain information about the needs of children and families for programs and services, both Indigenous and non-Indigenous." My question is: how do the research and approach to obtaining information differ when it comes to identifying needs of the indigenous community?

Ms Bouwsema: I think one of the things we've learned over the last few years is that, you know, it's invaluable to involve the elders in the communities in those discussions. As we work on those programs and services and the training going forward, we have the Elders' Wisdom Circle, that we use to provide input into that. We work with the First Nations colleges like Blue Quills going forward, and we work with our band designates and the DFNAs and our trilateral partnership. I think we have a much stronger focus now and an understanding that it's absolutely necessary to involve the

elders in those communities when we're making decisions on what the best way forward is.

Ms Renaud: Okay. Has the department identified gaps in our approach to research and needs assessment regarding supporting indigenous communities?

Ms Bouwsema: I think I'm going to turn that one over to my colleague as well.

Ms Iatridis: One area in the last year that we did identify was a gap in research and having tools and resources around the challenge of youth suicide. It is one area that we've been working closely on with PolicyWise, which used to be called ACCFCR. This past year they have been working on a literature review. It's also doing some research around what tools and resources are out there to support First Nation communities and other communities across the province around addressing the challenges of youth suicide. That's one area that we've identified as a gap that we are focusing on.

Ms Renaud: That's great.

Another key audit finding that was listed on page 13 is that the department "has limited public reporting on the results of its early support services." On the next page, page 14, it states, "Reporting is particularly limited in terms of how well services meet the needs of Indigenous children, families and communities." I have a couple of questions about this. What do we currently report on when it comes to early support services? What are the outcomes that we're hoping for, and what are we measuring?

Ms Bouwsema: Thank you. I'm going to turn that question over to Mr. Hattori.

Mr. Hattori: Thank you very much for the question. The OAG has rightly identified that we've had some challenges in terms of what we've been reporting in terms of early intervention and prevention services. As a direct consequence of the audit report, we are doing a review of all of our early intervention and prevention programming. I'm going to be working with all of the contracted service agencies that are in that space to take a look at, you know, how best to look at indicators of success for preventative programs for indigenous people. That process has already begun. We've started the literature review, have had some conversations with indigenous communities, to begin with, in terms of looking at a review plan. Our hope is that by 2018 we'll be in a place to be able to work with the contracted resources to tailor their service to a more indigenous-aligned focus.

11:10

Ms Renaud: Okay. Can you elaborate on the point regarding limited reporting on how well services are meeting the needs of indigenous children, families, and communities by explaining what that means?

Mr. Hattori: The reporting question is a good one. There are many aspects of the child intervention system, including those programs and services that wouldn't normally be considered in a child intervention stream. [A timer sounded]

The Chair: Please finish your thought.

Mr. Hattori: As I just mentioned, we are looking at those services and supports that are specifically geared towards trying to support the resilience of kids and families before they come into a child intervention circumstance. Then there's the reporting that is in direct relation to the child intervention program and those kids that

are in the, quote, system. So we're going to do both. We are going to be reporting both for nonindigenous and indigenous kids relative to what we can gather through the early intervention-prevention component of the system and then also, as mentioned in the deputy's opening remarks, look at the indigenous and nonindigenous kids that are in the system and do more reporting in the child invention system itself.

The Chair: Thank you very much for your answers.
Mr. Gotfried.

Mr. Gotfried: Thank you, Mr. Chair. Thank you for appearing here today and helping us to better understand some of your challenges and, I'm sure, the very good work being done by many of your staff. I guess my first question is fairly high level. Have you determined the major factors and some of the things that you can influence which result in indigenous children in care receiving inadequate, inappropriate, or ineffective care – of course, given the crises that they are facing now – and a lower standard of outcomes compared to nonindigenous children? If so, what is the plan to confront and deal with these factors, particularly on a short- to medium-term basis, both from a policy and a service delivery standpoint?

Ms Bouwsema: That is a multifaceted question. There are a number of things, if you'll allow me to just talk about them, that we are doing.

Mr. Gotfried: Sure.

Ms Bouwsema: Some of it is the work with the trilateral partnership that we have, our work with our DFNAs and the federal government around funding for those organizations and standards of practice, ours matching the First Nations standards of practice and the Treaty 8 standards of practice.

We're also doing significant work in early childhood development and prevention, a lot of work with our parent link centres. We've added to their contracts the need for them to complete community profiles so they know the communities they're serving and adjust their programs to better reflect those communities. In fact, the parent link centres on September 9 of this past year, 2016, held days of sharing practices to support aboriginal families. It was a first-time gathering of all the PLCs around the province to participate in cultural training, share promising practices, and discuss approaches to providing services to indigenous children. As well, in June of this year they'll be at their annual learning event. We will be doing the blanket exercise, that I referred to earlier, the experiential training to assist staff with that piece.

We're also working with the home visitation group, Alberta Home Visitation Network, to establish a working group to enhance the services that they provide to indigenous families, all geared around trying to keep kids in their homes and not apprehend them.

You know, I think our goal with a number of things that we're doing is to try to prevent them from coming into the system to begin with, and so much of that is around early intervention and prevention. To that note, too, that's not a space we own. Education also works in that area; so does Health. There are a number of initiatives that we're also working with them on – the youth mental health review – so it is a very multifaceted question.

Hopefully, I've given a sense of the things we're doing.

Mr. Gotfried: It's helpful. It is very complicated to understand.

Realizing that many of the questions that we'll be asking you today in this committee will be dealt with with the child intervention panel, I think that one of the challenges here is that differential in terms of outcomes between indigenous and nonindigenous

children. What's being done within the ministry today to increase access and/or completion in terms of monitoring cultural sensitivity training, which seems to be a real key to improving the outcomes?

Ms Bouwsema: In the ministry is the cultural training I've identified and our switch from classroom-based training to experiential training. We are assessing that to make sure that it is having the most positive outcomes possible. We're also in the process of the signs of safety program, and I did mention it in my opening remarks. I said that we were in the process of implementing it and would be by this summer. This closely aligns with the indigenous thinking around family and community, supporting people who are in crisis. We're working on that as well.

Mr. Gotfried: I think that's helpful.

I guess that, obviously, there's lots of work being done on the front line to increase your cultural sensitivity training. Do you have an estimate in terms of percentages of the front-line workers that have, I guess, adequate cultural sensitivity training, from your perspective, at this point in time?

Ms Bouwsema: Can I answer that?

The Chair: If you've got a 10-second answer.

Ms Bouwsema: A 10-second answer. Every staff member gets mandatory training when they're first hired on, and then there are numerous other opportunities for training. I think the big difference right now that I'd like to highlight is that we're switching from classroom-based to experiential training, which seems to have greater outcomes.

Mr. Gotfried: Okay. Thank you so much.

The Chair: Thank you very much.

Mr. Hanson.

Mr. Hanson: Thank you, Chair. I'll open with my question if I can. On page 18 the Auditor General noted that your department has accepted noncompliance in casework and has also failed to make needed improvements. Why haven't you addressed the issue of noncompliance, and can you explain to us why you have let caseworker contact compliance rates of below 20 per cent continue?

Ms Bouwsema: That's the work we've been doing around assessing workloads for the caseworkers. It's possible that staff are completing the required steps, but they're just not recording them. That's where we've been working on systems. We've been working with staff to see what will make it easier for them to record these things. We know they have multiple demands on their time. You know, in addition to face to face, there's travel time, there's court time, and there's meeting with DFNA staff. We have been working very hard to assess: what's reasonable from a workload perspective, and how do we make it more efficient for staff to be able to record that they are doing the things they're doing?

Mr. Hanson: Okay. Thank you.

I know that Blue Quills has got some great programs out here. The university is in my area. I was just wondering what the percentage of First Nations representation is on your senior management staff and if there's representation from all of the treaties in the province.

Ms Bouwsema: That's a good question. I can't answer that, but I'll turn it over to my colleague.

11:20

Mr. Hanson: Thank you.

Ms Iatridis: On our executive team we currently have two indigenous people.

Ms Bouwsema: And throughout the ministry?

Ms Iatridis: I'm not aware of the numbers. We'd have to provide them later.

The Chair: Can we get that in writing, then?

Ms Bouwsema: Absolutely.

Mr. Hanson: Also, how does the department track visits and contacts between caseworkers and children? In particular, what kind of a database are they stored on? If there are different sorts of databases, are they compiled into one specific one so that we can keep track of that?

Ms Bouwsema: I'm going to ask Mr. Hattori to answer your question.

Mr. Hattori: Thank you for the question. There are two components to looking at contact between caseworkers and kids. The first component is the standard reviews, which the Auditor General has commented on. That is a retrospective look at the contact between kids and caseworkers as well as caregivers and caseworkers, et cetera. We do have a database where we're able to track and monitor those events, so it culminates in reporting, that I addressed in the earlier question.

Then the second piece is what has just been mentioned as the new improvement or enhancement to the way we are going to be reporting, and that is in real time, timely access to information for caseworkers and staff, where we are tracking in current day the contact between caseworkers and kids and then accurate placement information as well as the appropriate legal authorities that allow us to have the mandate to be involved with any child or family.

Mr. Hanson: Okay. Thank you.

Just another quick question: can you explain to us the relationship between your department and the DFNAs? Is it a good, collaborative relationship, or is it somewhat broken? What kind of communications? Do you have monthly communications with each group, and how is that recorded and tracked?

Ms Bouwsema: I'll answer the first part, and then I'm going to ask Ms Iatridis to jump in with some more of the specifics around how that is tracked.

Yes, we do have good relationships with the DFNAs. They are independent legal authorities and are responsible for all their own staffing decisions, but we do support them to retain staff by mentoring their staff. We provide the same sorts of training to their staff as we do to our staff, so the signs of safety, that I had referred to earlier. We do support their information technology systems, and we do engage with them in case consultations as requested. I would say that we actually have very good relationships with them.

As for the number of times they meet, I'm going to ask Ms Iatridis to comment on that.

Ms Iatridis: I'm probably going to ask Mark to speak more towards the DFNAs, but I will mention that through our trilateral engagement partnership we also have under our senior officials a working group in which we invest some resources to have a position at Treaty 6, Treaty 7, and Treaty 8 offices, who are also our connection

to our delegated First Nation agencies. So when we're working on our action plan and we need feedback and we need to engage with those communities, then we go through that mechanism as one way of getting feedback.

I'll pass it on to Mark to speak directly to the DFNAs.

Mr. Hattori: Just for context, the delegated First Nation agencies are delegated to deliver child, youth, and family enhancement services or child protection services for their on-reserve nations, and that's done by agreement with the province. In terms of contact, as per the previous comment by the deputy, we have daily contact between our support branch and the delegated First Nation agencies in terms of the kind of pieces that were already mentioned in terms of support for casework and training, et cetera. On a leadership level we meet with the delegated First Nation agency directors and with the child and family services directors about bimonthly in terms of program planning and delivery.

Mr. Hanson: Okay. Thank you.

I know from some of my visits that some of the DFNAs are much more successful than others. I'm just wondering: are there any yearly or biyearly meetings that they would have together to discuss the successes and what's working? I know that the cases on each First Nation are not the same, but you could take advantage of some of the successes and make sure that they're passed on. I was just wondering if there's any collaboration from that level.

Ms Bouwsema: Each of the treaty areas is a bit different. Treaty 6: the DFNAs collaborate quite closely and meet on a regular basis. Not the same case in Treaty 7, and Treaty 8 as well gets together. So they are all a little bit different. It goes back to what I was saying earlier about there being distinct differences between each of our First Nations in how they like to work together and how they do work together.

The Chair: Thank you very much.

Thank you, Mr. Hanson.

Ms Luff, are you ready?

Ms Luff: Yeah. Absolutely. Again, thanks to everyone for being here. I really appreciate it, and I think you did a great job sort of outlining in your opening remarks and going forward what you're focusing on with training opportunities.

I'd just like to focus if I could on the third recommendation, which focuses on strengthening intercultural understanding. I believe this question has sort of been asked before, but I'm going to ask it again. The audit found that the department hasn't clarified

its expectations for providing "culturally appropriate" services.

The report also noted that

the department does not have a working definition or consistent explanation of its expectations in the context of providing "culturally appropriate" services to Indigenous clients.

The report also stated that

without an agreed-upon working definition and guidelines for practical use... the department cannot expect consistent application of the concept.

Throughout the department's work they use the term "culturally appropriate." Given that the Auditor finds that this definition is inconsistent, could you just clarify for me how the department defines the term "culturally appropriate"?

Ms Bouwsema: Thank you for that question. That is the purpose of the cultural understanding framework that Ms Iatridis's area is working on right now, to have that consistent definition of what it means. We expect that we will have that definition in draft form by this summer. We are involving the Elders' Wisdom Circle and the

First Nations in that work. As well, we also do a lot of work with key partners such as Align. They represent the contract agency sector. They, too, offer a five-day, intensive cultural awareness training for agency staff, ministry staff, and caregivers. Their curriculum was developed in partnership with indigenous communities and postsecondary institutions and has been tailored to various regions in the province.

In addition, the Alberta Foster Parent Association has developed a two-day training session for caregivers called honouring aboriginal children and families. It was developed in consultation, again, with staff, elders, and the Blue Quills First Nations College and is now available in Cree, Métis, and Blackfoot/Blood versions, which reflects the largest group of children and families we serve.

We do, though, still think there's a need for that overall coordination of all the training. You know, everybody is trying to respond to this need, and that is where we see our cultural understanding framework playing a big role for us. It also will give us an approach to measurement and evaluation so that we will be able to say in a year's time whether all this training is actually providing the benefit we want it to.

Ms Luff: Great. Thank you. I think we're all probably looking forward to seeing that framework come out.

You did just mention that it would help frame your approach to measurement. I'm just curious. That's coming out later, so obviously this may be a pre-emptive question, but have you thought about what sort of criteria or measurement objectives you might be looking at to ensure that the training is working as you are hoping for it to work?

11:30

Ms Bouwsema: Ms Iatridis's area is leading the development of that framework, so I'm going to refer that question to her. Thank you.

Ms Iatridis: We currently have a crossministry working group that has been meeting fairly regularly to look at a common vision, guiding principles, some overarching goals and objectives, and also how to define cultural understanding. I know that there's been a lot of debate around the term "culture." It's beyond just understanding culture; it's understanding the history and the challenges in the past around indigenous people and the impacts of residential schools and other events that have taken place. That group has been working closely with our Elders' Wisdom Circle. We also have representatives from indigenous people sitting on the group and recently just had a ceremony with an elder who wanted us to start off in a good way and wanted to have blessings for this framework that we're developing. So we have a good group of people that will help to define those goals and objectives and set those outcomes.

Ms Luff: Thank you.

Just a question, then – and your answer sort of leads into this. It was noted in the report that the department responsible for this particular recommendation has, you know, changed over time, several times, and obviously there's a new ministry that's just been set up. I'm just curious what your plans are for continuity moving forward, sort of to make sure that these recommendations are all housed in one place and, you know, not disrupted. Has there been any disruption with the creation of the new ministry?

Ms Bouwsema: No, there's been no disruption. We take very seriously the recommendations that have been made up until this point. We track our progress on all of them, which ones have been implemented, which ones we're still working on. In addition, we

believe that the child intervention panel, that is currently deliberating and doing its work, will provide further guidance on how we move forward.

Ms Luff: Great. Good to hear.

I guess I just have a question related to, you know, cultural understanding in other jurisdictions. I'm just curious, you know, if you've done sort of interjurisdictional comparisons. Obviously, every region is different and we're going to have to consider differences as we look at things, but has there been any sort of – in terms of cultural understanding, is there somewhere where we see leadership that we can look to for best practices?

Ms Bouwsema: I'm going to refer that question to Ms Iatridis again.

Ms Iatridis: We have done research. Part of the work that we were doing around the cultural understanding framework was to complete an inventory of all the existing training and resources that have been developed, not just in Alberta but we've looked at places like B.C., British Columbia. We recognize that this is not an isolated challenge that we're working with; other jurisdictions are dealing with the same type of challenges. We don't want to recreate, and there are lots of tools and resources already out there. We just want to make sure that they're most appropriate for the indigenous people in Alberta.

Thank you.

Ms Luff: Yeah. That's great to hear. You guys are doing . . .

The Chair: I'm sorry, Ms Luff. Your time has expired.

Ms Luff: Oh, okay. Thanks.

The Chair: Thank you very much, Ms Luff.

Now we'll go on to the third party. Mr. Gottfried.

Mr. Gottfried: Thank you, Mr. Chair, and thank you again to the committee. Front-line social and children's services workers are on the front lines of assessment and care and, in my estimation, will be the best judges of success and failure of government policy on a first-hand basis. How are you empowering these individuals through processes and timely, measurable reporting mechanisms to bring forward their insights and recommendations in order to address and mitigate the issues identified in the July 2016 Auditor General's report?

Ms Bouwsema: Certainly, I couldn't agree with you more. Their input is absolutely vital, which is why we have been involving them in things like that workload assessment measurement tool and process that we're rolling out. We worked with staff and AUPE on what are appropriate benchmarks there. We did involve them in creating that real-time reporting system to help make it easier to document what they were doing, when they were doing it. We do have regular staff meetings, and the way that they do their practice is in collaboration with each other. Rarely would you find a situation where one person is making a decision without conferring with their colleagues and their supervisors. They work in conjunction, a second sober set of eyes, you know, just to make sure nothing has been missed. As I mentioned earlier, people are very complicated and situations are very complicated. As well, this panel that is ongoing: we are absolutely encouraging our staff to bring forward their observations and their experience to help us make the system better.

Mr. Gotfried: Okay. In your estimation, is that real-time system and the IT support which is embedded in that working well, and is that the feedback you're getting from your staff?

Ms Bouwsema: I'm going to ask Mr. Hattori to answer that one.

Mr. Hattori: Thank you for the question. What we know is that any time you get instantaneous feedback, it helps to, you know, guide your thinking, et cetera. What we've seen as a consequence of the implementation of the timely, accurate, real-time information is that we've seen a rise in the amounts of contact and face to face, and staff do feel supported, that they have the kind of information that helps them move on issues or challenges quicker versus a year retrospective review. We have both. That's the feedback we're getting.

Mr. Gotfried: Okay. Is that real-time work in the field well supported, then, from the back office, as it were, in terms of noting those either critical or crisis situations or where improvements can be made quickly?

Mr. Hattori: That's exactly the point. When we look at the retrospective measures, which are the standards for a practice in the field, you know, we've had these challenges in regard to certain metrics not meeting a desired result. So in collaboration and in conversation with staff we've said: what would be helpful to you in order for you to change the trajectory of some of these metrics? As a consequence they said: you know, if we could have this information sooner, some technology that's enabling in regard to that, then it enables us to take back or take on the accountability for doing our job in that role. That's how that's worked, and we have seen increased results in regard to face to face, legal placements, and other contacts.

Mr. Gotfried: Are they able to categorize those so that they're addressed in a different – I mean, obviously, there are going to be some that are more systemic issues, but is there a way for them to classify and categorize what they're inputting into that system so that it is brought to the heightened attention where appropriate?

Mr. Hattori: The real-time information is very specific to those three areas that we mentioned: legal authority, placements, and face to face. That conversation in terms of what got prioritized in terms of real-time review was in conversation with staff. The reason why is that, you know, we could give them a whole list of things, binders full of things, to focus on. What we're finding is that in consultation with staff, if you say, "What are the most key, critical things that you want to have done at any one point in time?", these are manageable, in addition to the other standards that exist.

Mr. Gotfried: My last question that I probably have time for is with respect to the feedback loops you've got in place. Is there any opportunity to poll the clients that you're serving to also get their feedback?

The Chair: Thank you, Mr. Gotfried. If we could get a written response to that question.

Mr. Hanson.

11:40

Mr. Hanson: Thank you. I'll try and sneak one in here. I'd asked earlier about the levels of noncompliance in the AG report, and the answer I got back was that it sounds like it's a fairly cumbersome process and has to do a lot with caseload. I've also reviewed the disturbing numbers from the office of the Child and Youth Advocate, and I guess my question is: why did it take these two

reports to bring this issue to light? Has there been any direct reporting from your department to the ministry over the past few years to address these issues?

Ms Bouwsema: I am sorry. I'm unable to answer that after five weeks in. Mr. Hattori will answer that question.

Mr. Hattori: You know, there have always been challenges in regard to the ability of the program to meet certain metrics. The fact that, you know, what you're seeing in the OAG report or the OCYA reports seemingly or perceived to be the light in a dark corner, I can't really answer that. I know that there has been prior public reporting. That includes the OCYA dating back to, certainly, when they became independent, and prior to that there have always been annual reports laid upon the Legislature for their review. These are historic challenges that, you know, we have been taking active measures to try to address.

I think part of what's changed here is that we have, true to the philosophy and the principles that were outlined by the deputy, taken an approach where – again, back to: when families are in the best position to answer their own challenges, so are staff. Our practice principles and the practice frameworks that we're implementing actually have been derived from the thinking and the innovation of staff, and we are seeing results, albeit not perfect, but we're moving in the right direction.

Ms Bouwsema: On that note, I would just like to highlight that since between April 2012 and December 2016 we have seen a 16 per cent safe reduction in the number of indigenous children receiving services and a 17 per cent safe reduction in the number of indigenous children in care. The percentages might not sound high, but that's about 2,200 children that have avoided coming into the system. You know, it's maybe not where we want to be yet, but it is progress in the right direction.

Mr. Hanson: Okay. Thank you.

Getting back to the reporting, is there something specific that your department is going to do to address the caseload, I guess, and the ease in reporting to make sure that we can boost that compliance in reporting leading up from 20 per cent?

Ms Bouwsema: The work we have been doing is that work with the union and the staff on the workload assessment measurement tool. Staff are very happy with it. We are in the process of implementing it. We expect it will be implemented across the province by the summer of 2017, and we have implemented the real-time reporting in the three areas that staff told us would be critical for them doing their job.

Mr. Hanson: Okay. Thank you.

I guess my last question would be – there doesn't seem to be any assessment, going back to page 15 of the AG report, of the \$1.7 million that's provided for early intervention on reserves. Can you tell me how long that funding has been in place, and has it been a static amount, or has the funding increased or decreased over time?

Ms Bouwsema: I'm going to ask Mr. Hattori to answer that, please.

Mr. Hattori: The \$1.7 million in terms of early intervention, prevention programs on reserves has been a legacy program that's – our amount of money in funding that's gone back about a decade. Consequently, there's been very little actual change to those programs. As part of what we mentioned in terms of the early intervention and prevention review, it will be part of that process so we can get a better sense of what kinds of service and supports,

particularly as expressed by First Nations, would make the most difference.

The Chair: Thank you very much.
Ms Renaud.

Ms Renaud: Thank you, Mr. Chair. A key finding, as noted on page 17, states:

Compliance results for Indigenous children receiving services are less favourable than for non-Indigenous children. For example, Indigenous children . . . receiving services from regional offices experience less-frequent caseworker contact and less-frequent review of their care plans than non-Indigenous children.

How does the department currently analyze compliance, and how does the department react in real time to ensure compliance for specific children, specifically indigenous children, within their care plans?

Ms Bouwsema: I'm going to start to answer that question. Some of it we've talked about already: the real-time reporting that lets us know when there's information missing from the electronic files; also, the work to make it easier for caseworkers to document when they've actually had an interaction with a client; the workload assessment model to make sure that caseworkers, front-line workers have the time to do the work that we ask them to do.

Mr. Hattori, anything you would like to add?

Mr. Hattori: I'd just like to add that on the ground, in terms of the casework that's being done, as per the deputy's prior comment, she did mention that these critical decisions that are made by casework staff are done in conjunction, in a team-based fashion. We have put in practice models that are principle based, and one of the principles certainly is around aboriginal or indigenous experience. We are promoting and supporting the kind of practice and behaviour on the ground that takes a look at how you achieve best outcomes for all kids, in particular indigenous kids given the overrepresentation in the system. So that team-based look – we call it sometimes “third person in” – takes another look at the casework practice of any individual staff and says: have we done the due diligence necessary in order to reach achievement?

Ms Renaud: Okay. Just another quick question. I think sometimes that figuring out what the solution is is trying to understand what the problem is. Again let me ask, as I asked at the beginning, sort of a fairly simple question. What is or was preventing us from meeting the unique needs of our indigenous children and their communities?

Ms Bouwsema: I would answer that this way. I don't know if it's so much what was preventing us – I think some of it is our evolution of knowledge. It was a previous belief that, you know, it was one indigenous culture that we had to learn, when, in truth, that's not it. Maybe it's that belief that the classroom-based training that we would give staff was the way to do it. Now we're getting much better results from experiential training. I would say that it's the evolution of our understanding, listening to our First Nations and involving them in decisions around practice, around how we work with families. I think all of those would be part of the answer.

Ms Renaud: Okay. Thank you.
How much time do I have?

The Chair: You have two minutes.

Ms Renaud: Two minutes. Okay.

The Auditor General's report identifies specific deficiencies, which I'm sure are helpful for the department to create an action plan, but an imbalance in compliance and a discrepancy in service delivery have been identified by many different sources, be it the courts, human rights tribunals, the Truth and Reconciliation Commission, and others. It is fair to say that the deficiency in regard to service delivery to indigenous children and families is in some ways common knowledge. In the department's view, why aren't we meeting these standards, and what are the barriers to compliance in the broad sense?

Ms Bouwsema: In the broadest sense I think the biggest barrier is the way the system is set up now, where funding comes from the federal government for on-reserve services and, you know, standards are set by the province, and sometimes the funding doesn't match with what the standards are. Certainly, the Canadian Human Rights Tribunal did highlight those gaps in policy and programming. There's no doubt that First Nations are very concerned about having consistent and appropriate social services on all reserves, and they have previously called on the federal government to increase funding.

11:50

The federal government, though, has allocated an overall number of \$634.8 million for a five-year period to enhance services for First Nations on-reserve. In Alberta that funding flows directly to DFNAs. We are not part of that at all. The federal government has also committed \$382 million over three years to support the implementation of Jordan's principle, and that work has started with them identifying who the group is in Alberta that will be managing that for them. You know, although we're not involved in the funding, we certainly work with both the federal government and indigenous leaders to try and address those challenges jointly.

Ms Renaud: Thank you.

The Chair: Thank you.
Mr. Gotfried.

Mr. Gotfried: Thank you, Mr. Chair. Mr. Hattori, I think I'll go back to my last question so that you don't have to do that in writing. My question, just to reiterate, is: how are the children and families served surveyed by your department to garner their feedback with respect to their experience and opportunities to improve service delivery from their perspective?

Mr. Hattori: Thank you. This is one of those areas that we as a social services system need to improve upon. We do not have any regularized surveying of service recipients. However, I will say this. In the last year what we did undertake was a very specific youth engagement for those young people who are part of our system. We've gathered that information, the voice of the youth. Are you going to be using that information, to your point, to be directional in terms of policy, practice, and any potential legislative changes that may be contemplated in the future?

Mr. Gotfried: Okay. That was a question from earlier here that I had skipped over.

Do you have any other sort of embedded committees or even arm's-length representative committee groups made up primarily of indigenous members of the public to provide feedback or support for your indigenous initiatives or feedback in terms of what you're looking at doing before you embark upon it?

Ms Bouwsema: I'm going to ask Ms Iatridis to answer that.

Ms Iatridis: One of the advisory groups that we have is our Elders' Wisdom Circle. They actually don't represent a specific treaty area. At the elders' request, they wanted to be a body based on their past backgrounds and their location. So what we tried to do is to have a representative group of elders from across the province. They're not an appointed body; they're an informal body. But they are a valuable body for the work that we do in that they provide us with advice. Right now the focus has been on advising us around cultural understanding and training, but we also received a lot of great advice from the elders on the work around the development of youth suicide strategy. Other areas of the ministry are able to request appointments to meet with the Elders' Wisdom Circle if they need advice in other areas.

Mr. Gotfried: I'm glad to hear that. In your estimation, is that working well enough to leave it as is, or does it need to be formalized more?

Ms Iatridis: I believe it's working well for us. One of the other areas that we talked about in the ministry was maybe having some youth representatives as well on that to expand on the type of feedback that we are receiving. We also in my area champion the indigenous interns through our human resources program. Our ministry has currently approximately 10 interns that also sit with the elders. They're mentored, but they also have great feedback to provide.

Mr. Gotfried: Excellent. That's very positive.

I'm going to turn to something maybe a little bit more negative here. In the July 2016 Auditor General's report one of the three areas that they focused on was early support programs. Between April 1, 2014, and December 31, 2016, 32 of the 73 deaths occurred at the initial intake-assessment phase, which suggests that the initial assessment was underestimating the severity of some of the children's situations or the propensity towards fatal outcomes. Is the department working to develop processes or reporting around the risk of preventable fatalities so that we can properly assess the size and scope of this problem?

Ms Bouwsema: I'm going to start the answer to that question, and then I'll turn it to Mr. Hattori for additional comments. Absolutely, just like in the health care system, when something happens, there's always an internal review process, not to find fault, but from a systemic perspective, where are there gaps in the system, right? Yes, we do that as well, but that's the role of the statutory director, to look at all those deaths.

I'm going to turn it to Mr. Hattori now.

Mr. Hattori: Yes. Certainly, what is going on right now in terms of the panel work would be to take a more in-depth look at that particular question. I would like to say, however, that in preliminary analysis of that data – and that's available – some of the reasons why we were involved at that stage were as a direct consequence of an injury. Then we took status, so then it becomes reportable. It's not as clear-cut as saying: we had involvement, and then the child died. We took involvement sometimes as a consequence of an injury.

Mr. Gotfried: It's already a critical situation, then.

Mr. Hattori: Right.

Mr. Gotfried: Great. Thank you very much, Mr. Hattori.

The Chair: Thank you, Mr. Gotfried.

Our final rotation will be three minutes each for the parties. If we can have Mr. Hanson. Are you ready to take your rotation?

Mr. Hanson: Yes, I am. Thank you, Chair. Due to the time constraints I'd be happy to get a written response to these questions. They're in regard to the databases and how they're used. The department appears to use a number of databases for input of information from caseworkers as well as office staff. What is the name of your main database? What are the other databases accessible to your caseworkers, and are they or may they be outdated? Do you transfer and amalgamate the information, and if not, why not? Why do you not change to just a single data source?

The Chair: Mr. Hanson, we do have time for written responses at the end, so if we can let you use your time for back and forth, that would be great.

Mr. Hanson: Okay. Thank you.

Ms Bouwsema: Thank you for that question. I'm going to have Mr. Hattori respond to your question on databases.

Mr. Hattori: We do have one main database for casework. That is a case management system, that is utilized by caseworkers to support their movement or their practice through IT infrastructure. As an example, when an intake comes in, then those events are registered in the system, and it does flag checks and balances towards actions that need to be taken by a caseworker at any given point in time.

What you're seeing in terms of the new innovation that we talked about in terms of real-time reporting is a separate database. We are looking at how some of these systems can integrate and talk to each other so that there aren't multiple entries into many databases. Just for your information, the real-time information is not a database that caseworkers have to enter into. That is tracked by us through the main child intervention database.

I didn't catch all of the questions. I think there was a series of them there.

Mr. Hanson: Yeah. It was more about, you know, collaborating any entries into any specific databases. I guess the number one thing that we're looking at, both from the AG's report and the Child and Youth Advocate's report, is how often contact is made and how it's being recorded and reported if there are any problems that are found during that visit. I think that looking back, which is always easy, it's pretty easy to see that if proper contact is made and proper reporting is done, we might be able to alleviate some of the issues and the deaths that have occurred. That is a major concern.

12:00

The Chair: Thank you.

If we can get a written response for that question as well.

If we can go to Ms Luff on the phone.

Ms Luff: Yeah. Thank you, Chair. You've spoken somewhat about, you know, working with the federal government and the responsibility of the federal government to provide funding. I know that FCSS programs work really well in a lot of areas in my community, but page 14 of the Auditor General's findings indicates that "there are no FCSS programs operating on First Nations reserves." I'm just curious if you will be working with the federal government on any sort of a plan to provide that type of service.

Ms Bouwsema: The FCSS programs fall under Community and Social Services, not my ministry.

Ms Luff: Okay. Do you know if there will be any sort of cross-ministry work to address that issue?

Ms Bouwsema: I would say yes because we've been working very closely with them on a number of issues, and that won't change. Equally important is the integrated service delivery that the former ministry of human services has worked very hard on so that, you know, Albertans have one point of contact. I just can't speak to what kind of negotiation they might be having with the federal government.

Ms Luff: For sure. Thanks.

I just have, I guess, some more broad questions. I'm just curious about how programming is balanced between early support services and child intervention. On page 15 of the AG's report it notes that "early supports are valuable in keeping children safely with their families and communities." So, very broadly speaking, do you feel that we're putting enough emphasis on upstream supports?

Ms Bouwsema: There's no doubt that here, as in the health system, it would be best to prevent people from using any of the services to begin with. So from that perspective, I guess my answer would be, "No, we're not putting enough into it," because in both of those systems we still have lots of people using the services. However, from the perspective of the funding that's available, we do pay attention to what brings people in contact with our system to begin with, and we do adjust what services are being provided to meet those needs. Sometimes we don't have the opportunity to do any prevention, as Mr. Hattori mentioned. Sometimes our first contact with people is because of an accident, and it's already a family in crisis, so then you're dealing with the effects of that rather than before the crisis happened. We do pay attention to how we interact with people and what stage they are at, and then we try to tailor our programs accordingly. [A timer sounded]

Ms Luff: Okay. Thank you.

The Chair: Perfect timing. Thank you, Ms Luff.

If we could go to Mr. Gotfried.

Mr. Gotfried: Thank you, Mr. Chair. I'm going to ask a question because I don't actually have a full understanding, and it relates somewhat to my last question about preventable deaths. There is some classification of preventable versus nonpreventable deaths, and I would assume that the nonpreventable ones are those that we really have had no opportunity to intervene on. Can you maybe just explain how that classification works?

Ms Bouwsema: Again, I'll start, but then I'm going to turn it over to Mr. Hattori. Nonpreventable deaths can also be kids who are medically fragile – right? – who were born with a birth defect or something that medicine can't cure.

I'm going to pass it on to Mr. Hattori to provide you with some more details.

Mr. Gotfried: Okay. Thank you.

Mr. Hattori: Thank you. Again, this is a complex question that seems simple. Just for the committee's context, the classification system that's used in the child intervention system relative to deaths is one that we have borrowed or utilized from the office of the Chief Medical Examiner, so because of the profile of the unfortunate pediatric deaths, they generally fall out in the same sort of general categories as the general population. Consequently, you know, accidents, health, et cetera, are some of the primary reasons why a child may pass, whether it's in the general population or within our

system. When we're talking about preventable deaths, we do talk about that from the general population perspective. However, when we do internal reviews of circumstances of cases in our system, the types of preventable variables that we're looking at are policy practice, legislation compliance, so that takes a little bit of a different nuance to that broader question.

Mr. Gotfried: Right. So there might be a different risk profile in some of these that may be looked at somewhat differently.

You mentioned a little bit earlier, again, about the early support programs, and I think that that's something we all understand, whether it's in health care or in child services, as something that we would like to see more emphasis and effort put into to reduce the burden, I guess, on the more acute services required. Do you feel that you have adequate resources at this point in time, from what you're able to do, to do those early support programs, or is that a challenge because of the acute problem that we have, which is from our lack of diligence in that area in the past?

Ms Bouwsema: You know, I think there's always that push-pull between where do you put your money . . .

The Chair: Thank you. If we can get a response to that question in writing.

Now I'd like to open the floor up to anybody that has questions that they would like answered in writing.

Mr. Hanson: I'll take one more, Mr. Chair.

The Chair: Proceed, Mr. Hanson.

Mr. Hanson: Thank you, Chair, and thank you, everybody that's taking part today. Hopefully, I'm clear over the phone. I'd like to get back to collaboration, which I think is very, very important, especially in respect of Jordan's principle. What I would like, as more of a recommendation than a question, is collaboration between the federal government, the provincial government, the First Nation leaders and elders, getting together on a regular basis to address some of these issues. I think that if you have all of the parties at the table in an open discussion, you may be able to resolve some of the issues that seem to be ongoing and have been ongoing for years and years.

Thank you.

The Chair: Do we have another question for the record?

It appears that we are done with the written response portion.

I'd like to thank the officials from the Ministry of Children's Services for attending today and responding to the committee members' questions. We ask that responses to the outstanding questions from today's meeting be provided in writing and forwarded to the committee clerk within 30 days.

This committee is now adjourned for the lunch break. Members will be meeting at 12:45 in the Grassland Room for a briefing, and we'll return to the record in this room at 1:30 to hear from the Ministry of Infrastructure.

Thank you for your time.

[The committee adjourned from 12:08 p.m. to 1:30 p.m.]

The Chair: Thank you. I'd like to welcome our guests from the Ministry of Infrastructure. My name is Scott Cyr, the MLA for Bonnyville-Cold Lake, and I am the chair of the Public Accounts Committee.

I'd like to ask the members, staff, and guests joining the committee at the table to introduce themselves for the record, and

then I will go to the members on the phone lines. Starting from my right.

Mrs. Littlewood: Jessica Littlewood, MLA representing Fort Saskatchewan-Vegreville, acting deputy chair, substituting for the hon. Shaye Anderson.

Ms Miller: Barb Miller, MLA, Red Deer-South.

Mr. Dach: Lorne Dach, MLA, Edmonton-McClung.

Dr. Turner: Bob Turner, Edmonton-Whitemud.

Ms Renaud: Marie Renaud, St. Albert.

Mr. Gotfried: Richard Gotfried, Calgary-Fish Creek.

Mr. Roth: Roy Roth, executive director, learning facilities, Alberta Infrastructure.

Ms McCann: Faye McCann, senior financial officer, Infrastructure.

Ms Flint: Shannon Flint, deputy minister, Infrastructure.

Mr. Breakwell: Dave Breakwell, assistant deputy minister of corporate strategies and services at Infrastructure.

Mr. Arklie: Graeme Arklie, principal with the Auditor General's office.

Mr. Saher: Merwan Saher, Auditor General.

Mr. Taylor: Wes Taylor, MLA, Battle River-Wainwright.

Mr. Fildebrandt: Derek Fildebrandt, Strathmore-Brooks.

Mr. Panda: Prasad Panda, Calgary-Foothills.

Dr. Massolin: Good afternoon. Philip Massolin, manager of research and committee services.

Mrs. Sawchuk: Karen Sawchuk, committee clerk.

The Chair: I'd also like to welcome the members that are teleconferencing. Mr. Barnes, Member Cortes-Vargas, Ms Luff, Member McPherson, Mr. Malkinson, and Mr. Fraser, if you could introduce yourselves on the phone.

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

Mr. Malkinson: Brian Malkinson, MLA, Calgary-Currie.

Cortes-Vargas: Estefania Cortes-Vargas, MLA for Strathcona-Sherwood Park.

Ms Luff: Robyn Luff, MLA for Calgary-East.

Ms McPherson: Karen McPherson, MLA for Calgary-Mackay-Nose Hill.

Mr. Fraser: Rick Fraser, Calgary-South East.

The Chair: Thank you.

Members should have the research report prepared by research services, the Auditor General briefing document as well as an updated status of Auditor General recommendations document completed and submitted by the Ministry of Infrastructure.

I'd like to invite our officials from Infrastructure to provide opening remarks not exceeding 10 minutes.

Ms Flint: Thank you, Mr. Chairman, and good afternoon. In addition to the staff joining me at the table, I'd like to just mention that there are several department staff sitting behind me that I may call upon to answer some of the questions: Dave Bentley, assistant deputy minister of properties; Alan Humphries, interim assistant deputy minister, health and government facilities; Neil McFarlane, executive director, government facilities; Leonid Oukrainski, executive director, property management; and Jessica Lucenko, our director of communications.

Alberta Infrastructure works closely with partner ministries like Alberta Education and Alberta Health and stakeholders such as school jurisdictions and Alberta Health Services to ensure that families and communities have access to the modern, efficient facilities they need. Infrastructure is held responsible for leading the development of the government's capital plan and is also responsible for maintaining and preserving government-owned and -leased properties in an efficient, safe, and sustainable manner.

There are some key activities and achievements for 2015-16 that I'd like to highlight for the committee. Infrastructure has been working closely with our partner ministries and continues to make progress on our outstanding recommendations from the office of the Auditor General. Our efforts are improving the process to evaluate and prioritize Infrastructure projects. This includes a redesign of our capital plan process, which saw us implement improvements such as revised submission templates, clear stakeholder communication, additional time for review and analysis of submissions, and setting clear, evidence-based criteria when choosing projects for the Budget 2016 annual capital planning process.

Through the capital plan process redesign we've also established a minister's capital committee, whose role is to review capital plan submissions prior to the Treasury Board committee and cabinet review and approval. The addition of this step supports our ongoing efforts to provide the Treasury Board committee and cabinet with relevant information that in turn ensures better informed decisions on capital plan approvals. As part of the capital planning process, ministries must identify and prioritize their capital maintenance and renewal needs.

Infrastructure has been working with ministries to provide consistent definitions for identifying these needs while also seeking input for improving existing systems. This includes undertaking a third-party review, a facility evaluation, auditing, and reporting processes. Also, we have developed an asset management framework that enables a corporate approach to asset life cycle management by including, for example, components identifying core buildings to government and addressing underutilization in these buildings. This helps ensure that public infrastructure assets are properly maintained over their lifetime. In addition, through Budget 2016 government increased the amount it will invest annually on maintenance and renewal of public infrastructure assets.

Alberta Infrastructure works with other ministries and stakeholders to provide the infrastructure needed to support delivery of government programs and for maintaining and operating that infrastructure. Looking at the hundreds of projects under way on Infrastructure's capital side, construction of a number of notable facilities was completed. For example, we handed over six health facility projects to Alberta Health Services, including Edson health care centre's acute care building; the Raymond health centre and Taber health centre redevelopments; two renovation projects in Calgary, the lab services in the Foothills medical centre and vascular surgery in the Peter Lougheed Centre; and the redevelopment of Lethbridge Chinook regional hospital, which we handed over two months early. I'm pleased to say that in 2016 we opened the door to 54 modernized or new schools, benefiting thousands of

Alberta students throughout the province. Construction of the new Royal Alberta Museum in downtown Edmonton continues to progress. In fact, we celebrated a construction completion milestone in August 2016, meaning that work could begin inside the building to outfit the museum's galleries and exhibits while minor finishing work continues both inside and outside the facility.

We also continue to actively engage in work to increase the sustainability of new and existing buildings and processes. This includes continuing our commitment towards furthering our green infrastructure practices and processes. Supporting Alberta's climate change leadership plan, we focused on increasing the energy efficiency of government buildings. For instance, we expanded our use of wind and solar power on both new and existing government-owned and -supported facilities such as the Pincher Creek Provincial Building, where we increased its solar energy capacity from three kilowatts to 13 kilowatts.

Infrastructure also continued to modernize its procurement processes, looking for ways to increase efficiencies. An achievement of note in this regard is that we decreased the time required to select and retain third-party providers by prequalifying them for recurring services of low complexity and risk.

This concludes the 2015-16 highlights and activities for Infrastructure. On behalf of my team, thank you. I'd be happy to answer questions from the committee.

The Chair: Thank you very much for that.

I'd like to turn it over to the Auditor General for his comments now. Mr. Saher, you have five minutes.

Mr. Saher: Thank you, Mr. Chairman. I can give those five minutes right back to the committee. I don't have any opening comments.

The Chair: Thank you, Mr. Saher.

We're following the time allotment format for questions from committee members adjusted for an hour and a quarter time slot. The first rotation will be 10 minutes each, starting with the opposition and government members, and then seven minutes for the third-party opposition. Our second rotation will be six minutes for each of these parties. With the agreement of the committee any time remaining will be distributed equally among the three parties.

I will now open the floor to questions from members. I would like to note that at the very end of this meeting we will have one to two minutes' time designated for outstanding questions to be read into the record for written responses.

Mr. Taylor, if you'd start.

Mr. Taylor: Thank you, Chair, and thank you to the committee for coming out. On page 19 of the annual report there's a nice graph which talks about the condition of the health facilities. It appears that in 2014 and 2015 only 1 per cent of the health facilities were in poor condition. In 2015-16 the target for health facilities in poor condition was 2 per cent. Can you tell me why you plan to double the number of poor hospitals?

1:40

Ms Flint: For a facility to be considered in poor condition, the building must have substantial issues across several areas, all floor wings, not just one, and several components, for instance, mechanical or electrical. Capital maintenance and renewal funding through the infrastructure maintenance program is provided to Alberta Health Services on an annual basis to maintain the physical condition of eligible facilities. Alberta Health Services develops their maintenance priorities independently based on the need in each zone. While these priorities do consider facility conditions,

Alberta Health Services also considers a number of other factors, including how busy facilities are and how well they serve their intended use. The infrastructure maintenance program is used to fund maintenance projects such as the replacement of floors and roofs and emergency generators.

Mr. Taylor: Thank you for that. So why have we gone from 1 to 2 per cent? It just seems to me that you've doubled it.

Ms Flint: Yes. The following is a list of 12 facilities included in poor physical condition. Alberta Health Services has looked at this and included several more facilities that have increased the reference point, going from where you mentioned to increasing it. They've done their assessment in terms of looking at the buildings and included 12 facilities in the poor physical condition category. Would you like me to read them off?

Mr. Taylor: Yes.

Ms Flint: One is the Calgary Foothills medical centre power plant; Camrose, the atrium building and new ward; the Edmonton Capital-Care Norwood north continuing care; Edmonton, Misericordia service building; Edmonton, the Alberta Hospital Edmonton in terms of building 6 in, specifically, the laundry; Edmonton, the Alberta Hospital Edmonton building 18, the power plant; Elnora, the Elnora community health centre; Medicine Hat, Medicine Hat community health services; Ponoka, Ponoka Centennial Centre for Mental Health and Brain Injury laundry building and material management centre; Smoky Lake, the Smoky Lake continuing care centre; St. Albert, the St. Albert public health centre; and Trochu, the St. Mary's health care centre.

Mr. Taylor: Does that mean you're not repairing the Royal Alexandra, Misericordia hospitals any time soon?

Ms Flint: This is based on the 2015-16 annual report. There is the capital plan that is coming out in '17-18.

Mr. Taylor: Okay. On page 14 of the annual report it says that \$578 million was budgeted for capital expenditures in health facilities and that \$533 million was spent. That's a difference of \$44 million. What accounted for that lapse?

Ms Flint: Sorry. Could you repeat the page number?

Mr. Taylor: That would be page 14 of the annual report, please.

Ms Flint: I am just trying to look for that. Sorry. Could you repeat the question?

Mr. Taylor: Yeah. On page 14 of the annual report it says that \$578 million was budgeted for capital expenditures in health facilities and \$533 million was spent. That is a difference of \$44 million. What accounted for the lapse?

Ms Flint: Perhaps I can turn to Alan Humphries to respond to that question.

Mr. Humphries: Thank you. If you also turn to page 36 of the Ministry of Infrastructure statement of operations, you'll see the same numbers there.

Mr. Taylor: Excuse me. Can you talk into the mike, please?

Mr. Humphries: Sorry.

Mr. Taylor: Thank you very much.

Mr. Humphries: Is that better?

The same number also appears on page 36 of the Ministry of Infrastructure statement of operations, health facility support; \$585,691,000 and \$547,658,000 is the actual compared to the budget. There was a \$38 million underexpenditure due to \$45.3 million being reprofiled for future years as a result of scheduling and cash changes at Strathcona community hospital; Edson health care facility; South Health Campus in Calgary; Fort McMurray continuing care, which we know was moved from Parsons Creek down to the new site in the townsite of Fort McMurray; the Foothills medical centre; and the Kaye Edmonton clinic. That was partially offset by additional spending on the Fort McMurray continuing care project due to the relocation, where we had to pay out \$6 million for contract termination costs.

Mr. Taylor: So will this carry forward to next year's budget?

Mr. Humphries: Yes. Those monies were just reprofiled due to the various construction schedules.

Mr. Taylor: Okay. Thank you.

The graph on page 19 of the annual report: is it true that the facility condition rating you are using was ushered in by the former government? How would this rating system compare with other provinces?

Mr. Breakwell: The facility condition index and rating system has certainly been in place for a number of years. It's continued on. We have certainly been doing a lot of work looking at that facility condition index as well as at how it's been calculated. We have found, in looking at other jurisdictions across Canada, that there is no common methodology on how it's being described or actually even on how it's being calculated by those jurisdictions. We've had a third party look into the calculation methodology. We've also had the Auditor General in some of the work they're currently doing around the capital plan look at that information as well.

Mr. Taylor: Okay. Thank you.

On page 11 of the annual report it states: "In March 2016, the focus shifted from exploring Public Private Partnership (P3) opportunities to seeking other innovative ways to deliver infrastructure." Since it's almost been a year since this report was published, would you please tell us what the plan going forward will be? What other opportunities did the strategic partnership office find, and what results has the office brought the ministry?

Ms Flint: One of the things that we have done is that research was undertaken to determine if the P3 model gives value to government in the development of major projects. At this time we're not proceeding with new P3s. Existing government P3 projects such as the southwest ring road in Calgary will continue as P3s. We have an obligation to review all types of alternative procurement approaches to ensure that we're getting the best deal both in the short term and in the long term for taxpayers. Often P3s are a process which reduce costs at the front end and increase costs down the road and are more expensive for taxpayers.

Mr. Taylor: Is that what you found? Is that what the strategic partnership office found, that they're not cost-effective?

Ms Flint: That is one of things that we continue to look at, but that's one of the things that we found. In the long term we are looking at just making sure that we're getting the best value for taxpayers and the investment that's made in infrastructure dollars.

Mr. Taylor: On page 53 of the annual report the ministry said that it had received only \$398,000 from the federal government for

infrastructure support. Meanwhile Alberta received close to \$700 million last year through the provincial-territorial infrastructure fund. Can you explain why the provincial-territorial infrastructure fund is not included in this amount?

Ms Flint: Yes. David will.

Mr. Breakwell: Certainly, we've been working with the federal government to put forward the projects to account for that \$700 million that you've talked about. Those projects have all gone forward since March 2016 for the federal government to approve the specific projects. We expect to be receiving that money for those projects shortly. We have actually had just over \$200 million of those projects approved to date, and we've put in specific projects for them to approve and give us the go-ahead for the other remaining money.

Mr. Taylor: You've spent \$200 million?

The Chair: Thank you, Mr. Taylor.

Member McPherson, are you available?

Ms McPherson: Thank you, Mr. Chair. Yeah, I'm here. Thank you to the members of the ministry that are here with us today. On page 15 of the annual report it says that "Infrastructure works with Alberta Education and school boards [on] . . . school projects." What is the status of the 200 school projects identified in the annual report?

1:50

Ms Flint: Of the 200 school projects under way in 2015-16 five projects were completed during the 2015-16 fiscal year. We expect 79 more projects to be completed and occupied by March 31, 2017. An additional 69 projects are expected to be occupied by March 31, 2018, and 47 projects will be occupied in 2018-19 and beyond.

Ms McPherson: Great. Thanks very much.

What kinds of innovations were employed to make these leading-edge projects in terms of green infrastructure and supporting the climate leadership plan? It kind of ties into your overview of solar highlights from earlier.

Ms Flint: Right. Today all new and replacement school projects have been seeking leadership in energy and environmental design, which we call or is commonly referred to as LEED silver certification. LEED is a rating system that is an internationally recognized benchmark for green building and sustainability. The certification process is conducted through the Canada Green Building Council, which is a third-party, not-for-profit national organization that was established to advance green building and sustainable community development practices in Canada.

In addition to meeting the minimum LEED silver points mandated by the Green Building Council, school designs are also required to achieve a minimum of 11 points associated with optimizing energy performance. Although school modernization projects do not typically target LEED certification, similar best practices are still followed and sustainability is incorporated wherever possible. Additionally, Alberta Education recently approved the implementation of a solar technology initiative that will see a solar technology system incorporated into new school projects.

Ms McPherson: Thank you. That sounds really exciting.

I want to move on to the Grande Prairie regional hospital. I know that this is really important to people in the area. I'm wondering what the status of the regional hospital project is.

Ms Flint: The Grande Prairie regional hospital is under construction and is expected to be completed in 2019. When completed, the hospital will provide a wide range of health care services, including surgery, cancer care, and emergency services, to meet the needs of the community now and in the future.

Ms McPherson: I understand that there may have been some delays in the project. Is that right?

Ms Flint: Right. Some of the rationale for what's caused delays in this project is that the project was announced before planning was completed and a realistic scope, budget, and schedule were established. This resulted in cost and schedule pressures. In addition, what we saw was a high volume of construction activity in Alberta in 2013, which made it challenging to attract construction crews, especially for projects outside of Edmonton and Calgary.

Major redesign and retendering of key work packages were required to reduce the cost. Mitigation strategies to deal with the cost pressures extended the project schedule by up to two years but resulted in reducing project cost pressures. Mitigation strategies that the department employed included shelling some space for future redevelopment, deferring renovations to the Queen Elizabeth II hospital, and initiating a document co-ordination and redesign initiative to simplify the design of the building interiors.

Ms McPherson: Super. Thank you.

Moving on to page 24, what initiatives have been completed to achieve savings in managing public assets?

Ms Flint: Infrastructure is executing its asset management strategies, which allow the ministry to continue to meet program needs while realizing cost savings. To accomplish this, Infrastructure has disposed of or listed 25 properties in 2016-17 and initiated a major redevelopment project that will allow Infrastructure to move 550 provincial staff from leased to government-owned facilities.

Ms McPherson: Thank you.

I may have missed it. Did you say how much in savings was realized from the initiatives?

Ms Flint: Infrastructure is on target to achieve the expected \$1.1 million in savings in 2016-17 as a result of the overall management of public assets.

Ms McPherson: Great. Thanks very much.

Why have inventories for resale on page 37 decreased from \$98.8 million to \$11.8 million when there have been no sales of land inventory, as shown on page 36?

Ms Flint: Thank you. What happened was that a new accounting presentation was adopted by ministries. This presentation change split assets into financial and nonfinancial assets. So land inventories for resale shown as financial are those that are expected to be sold within the next fiscal year. If they are to be sold beyond that, they're shown as nonfinancial.

The reason for the decrease in the land inventory categorized as financial is due to a change in the timing of when lands were estimated to be sold. With the downturn in the economy, sales forecast in 2015-16 were pushed into future years. As a result, a lot of the inventory was reclassified as nonfinancial.

Total inventories for resale, which are also on page 46, actually increased from 2014 to 2015 as follows. In 2015 we had financial assets of \$11.8 billion; in 2014-15 those were \$98.8 billion. Nonfinancial assets in 2015-16 were \$230 million and in 2014-15

were \$133.4 million. That equals a total of \$241.9 million in assets in 2015-16 and \$232.2 million in 2014-15.

Faye, did you want to add anything to this?

Ms McCann: I just want to say that the land inventory did go up because there were some additional land development activities that took place, and then the estimate to complete the land developments for the phases that have been approved increased. That was the reason for the change.

Ms McPherson: Great. Thanks very much.

On page 51 it shows that there were no land sales in Parsons Creek and no transfers under the land exchange agreement. Does the land under development in Parsons Creek have any value now that the market conditions have changed in the regional municipality of Wood Buffalo?

Ms Flint: As part of the year-end processes the value of the land under development is reviewed to determine if the cost to develop the land will at least be recovered through expected sales. The Auditor General audits this evaluation as part of their audit of the annual financial statements, and Infrastructure still expects to recover all of its investment in land development in Parsons Creek.

Ms McPherson: Okay. What is the plan for the remaining land inventory?

Ms Flint: Alberta Infrastructure will continue to hold the land inventory and sell parcels as market conditions allow the ministry to recover its investment in the land development. The regional municipality of Wood Buffalo has requested to purchase a parcel of land in Parsons Creek for a fire hall. This supports commercial development on a parcel previously transferred to the municipality.

Ms McPherson: Okay. Thanks very much.

If we take a look at page 56, why was the health facilities operating expense spending over budget by \$7.3 million?

Ms Flint: Thank you. The \$7.3 million overexpenditure is primarily due to \$7 million in payments made on the Fort McMurray continuing care centre project after the project was relocated to Willow Square from Parsons Creek. It went from Parsons Creek to a site downtown in Fort McMurray. Of the \$7 million approximately \$6 million was for contract termination costs, and the balance was for payments made for construction work completed on the Parsons Creek site prior to the relocation announcement.

The Chair: Thank you, Member McPherson. Your time allotment has passed.

Ms McPherson: That's great. Thank you.

The Chair: We will move to Mr. Gottfried.

2:00

Mr. Gottfried: Thank you, Mr. Chair, and thank you to our guests here today as well for being here. Just with respect to the FCI can you outline for us how the FCI is used to evaluate the condition of government buildings? Can you outline the percentage of government assets which were in good or fair condition? Is the number of buildings in good condition increasing or decreasing?

Ms Flint: I'm going to call on Dave Bentley to respond to this question. Maybe I'll start while he gets up to the mike. Infrastructure receives funding for capital maintenance and renewal for government-owned and health facilities. For government-owned

facilities the facility condition index is used as an indicator of changes in building portfolio conditions, so that changes year over year. Deferred maintenance, which is considered in determining the facility condition index, is one of a number of factors used in prioritizing maintenance for government-owned buildings. Other factors that are considered include the core building rating, the building prime location and function, and the criticality of the component actually requiring replacement.

For health facilities Infrastructure provides capital maintenance and renewable funding to Alberta Health Services. Alberta Health Services then makes choices in terms of using what they need to inform their maintenance planning and prioritize decisions. Maintenance funding for health facilities is based on Alberta Health Services' priorities. While these priorities do consider facility conditions, as I mentioned previously, they also look at a number of other facilities such as: how busy is the facility, and how well are they served for their intended use, for instance, in utilization and functionality? Consideration of the facility index and other factors is used to help ensure that a facility maintains its fair to good rating over time.

Dave, I don't know if you wanted to add anything.

Mr. Bentley: Sure. Part of the question was sort of: for government facilities what's the overall trend? As was reported, we've generally seen a movement from good, so 75 per cent were listed as good in '14-15 and 73 per cent were listed as good in '15-16. We're anticipating that with the capital plan that's been announced so far, the reinvestment in our existing buildings will continue to increase over the years, and as new facilities come online as well, we'll see an actual increase or improvement in the condition of our facilities.

Mr. Gotfried: Thank you. Another question, then, my guess would be around – the committee research services team informed us that there is no consistent definition of deferred maintenance used by the department. Can you explain to us what definition you use and if this is consistent across all government departments and physical assets?

Mr. Breakwell: The one that Infrastructure uses is certainly maintenance that should have been done at the point in time that it was planned to be done as well as those that are planned to be done over the next three years. Certainly, we have found, in looking at the deferred maintenance, that other stakeholders may include planned maintenance up to five years as well as what hasn't happened. So one of the things that we are working on is to try to get a common calculation methodology but also work with our stakeholders so everyone is using the same methodology once we get it in place.

Mr. Gotfried: Is there a qualitative analysis done on that? Obviously, there's going to be some critical maintenance that could be deferred, and then there's going to be some that's deferred which is a bit more, I guess, discretionary. Maybe you could give me a better sense of how you evaluate that.

Mr. Breakwell: Sure. That's the other piece that needs to be brought in because when you look at the items that may be deferred, it may be that at this point it's been planned that you should replace the roof, but when you look at the roof, it doesn't necessarily need to be replaced, so you may want to remove it from what you would term as deferred maintenance. That type of quality evaluation needs to occur. It is not occurring fully now.

The second is whether the facility is actually meeting its functional and utilization needs as well. That needs to be brought in. I think some of the review that we had from the third party has

brought all that forward, and we need to bring that to all of our stakeholders as well.

Mr. Gotfried: Okay. When you've got deferred maintenance, if it's gone on for a number of years, do you adjust the asset value of that facility to reflect that, I guess, deficit in terms of the balance sheet?

Mr. Breakwell: Yes, certainly. What you evaluate is what that asset value is, what the replacement value of that particular facility is. Actually, the facility condition index is taking that deferred maintenance number and dividing it by the replacement value, and that percentage determines whether it's poor, fair, or good. So yes, it does impact that, and actually what we have found when we've looked across the country is that the real value or how it really should be applied is that it just changes the amortization of a particular facility as opposed to a reflection of how well you've maintained it.

Mr. Gotfried: Okay. Thank you. Also, there is reference to plans to release an infrastructure sunshine list by this government. Could you tell us the status of that sunshine list for infrastructure?

Ms Flint: When we released the 2016-17 budget, there was an unfunded list attached to that budget. Is that the list that you're referring to?

Mr. Gotfried: Yeah, I think that's it.

Ms Flint: That was released as part of the '16-17 budget document.

Mr. Gotfried: Okay. And there are plans to continually update that as required and as the status changes?

Ms Flint: As far as I know, yes.

Mr. Gotfried: Okay. That's very helpful. Thank you.

Just with respect to infrastructure, you know, obviously, you want to avoid political interference with the best practices of building infrastructure, and given the current economic situation and the importance of getting dollars to work as quickly as possible for not just shovel ready but, I would say, viable long-term projects, have you been able to identify those projects which are both shovel ready and viable long-term projects to get to construction as quickly as possible? I mean, it seems that there are lots of projects that we continually hear about, but we're not seeing dollars getting out into the community and into the businesses. There have been some instances, actually, of businesses closing down because of a lack of us moving forward with some of the larger infrastructure projects.

Ms Flint: Perhaps I'll address that. One of the things that we have done . . .

The Chair: Thank you. If you wouldn't mind responding to that in writing.

Mr. Gotfried: I'll continue it on in my next cycle.

The Chair: Fair enough.

Mr. Panda, are you ready to go?

Mr. Panda: Yeah. Thank you, Mr. Chair. My question is to the deputy minister's team. On page 15 of the annual report the ministry mentioned that it has set aside some money to start the construction of the Calgary cancer centre. When can we expect shovels in the ground? Has the ministry identified any areas that would delay the construction or the operation of this project?

Ms Flint: To construct a new facility to accommodate comprehensive cancer care services for southern Alberta that would include in-patient and outpatient clinics, research laboratories, have radiation treatment and related support services – the new cancer site, as we announced, will be built at the Foothills medical centre campus at lot 7 of the site if you're familiar with the site. When completed, we actually expect it will deliver comprehensive cancer care, education, and research in Calgary.

In late October we did release the request for proposal for the design and construction of the cancer centre. The next significant project milestone will be to award the contract and announcement of the successful proponent mid-2017, and construction is expected to begin in late 2017. Budget 2016 allocated \$1.2 billion over five years for the planning, design, and construction of the cancer centre.

Mr. Panda: You said "\$1.2 billion" for five years. Thank you.

How much is it for this year? In the last report I read, it was \$830 million that was allotted in 2015, but now you are saying \$1.2 billion. When can we expect a public update on the status of the cancer centre? Also, has the ministry identified any cost savings in the build of this cancer centre?

Ms Flint: Right. What we're going through right now is the request for proposal for the design and construction, and at that point we will have a more robust number in terms of what we're looking at. Because the Calgary cancer centre project will be opening beyond the five years, that's why you don't see necessarily the full build-out of it.

Alan, did you want to add anything else?

2:10

Mr. Humphries: I'd just like to add that the project remains on schedule. Demolition of the existing parkade on lot 1 is taking place right now in replacement with a new parkade, which helps us decant parking during construction of the new facility. We're on schedule to be open in 2024. We are on schedule to receive the bids from the design-build proponents later this spring. As the deputy minister just announced, I'll just mention that with the announcement of the successful proponent coming shortly thereafter, we do expect construction to start this fall.

Mr. Panda: Excuse me. I don't want you to repeat what she said. She said that it's going to start late 2017, and you're saying that it will be completed by 2024.

Mr. Humphries: It will be operational in 2024.

Mr. Panda: So it will be a seven-year construction project?

Mr. Humphries: Well, we're expecting five to six years, but then you have to fit it out as well, so that includes installing all of the equipment and actually operationalizing the facility.

Mr. Panda: Okay. Thank you.

I also have another question about another important city, Fort McMurray. That's the only major city in Alberta without a long-term care centre. As you all know, Fort Mac is not the kind of fly-in, fly-out work camp that gets to be milked by everyone in the country. When can we expect to see ground be broken on this important project?

Ms Flint: One of the things that we are moving forward on is a residential facility base care centre in Willow Square. An RFP for a master plan and bridging consultant was issued in February 2017. That's an important first step in a series of activities over the coming months. We will be moving forward with site investigative

work this spring for the development of a design-build RFP, with the successful proponent selected by the end of this year, so you'll see some activity actually happening on the site this spring.

We are actually working with the stakeholders in the region to make sure that we have a facility that works because there are others facilities that the regional municipality of Wood Buffalo is also interested in putting on that site, so we're trying to make sure that we have a master plan that works both for the continuing care facility as well as for some of the other seniors' services that the regional municipality of Wood Buffalo wants to offer.

Mr. Panda: Can you give me specific completion dates of this project?

Ms Flint: Yeah. We're hoping to have it ready by 2019.

Mr. Panda: Thank you.

Deputy Minister, on page 53 there was some mention of the amount of money the federal government disbursed for infrastructure support. Where is it in your statements? How much is it, and is it in Treasury Board and Finance's statement?

Mr. Breakwell: As far as the money coming from the new building Canada fund, the \$700 million that Mr. Taylor was referring to earlier on . . . [A timer sounded].

The Chair: You can finish your answer if you've got 10 seconds or less.

Mr. Breakwell: It does come to the general revenue fund for the Treasury department. That's where that money would be recorded because the facilities that it supports are not necessarily within Infrastructure itself. In this case it's usually projects that are done by Transportation, as far as roads, highways, and water/waste water projects. It'll eventually be reflected in theirs, but it does come directly to Treasury. It doesn't come into Infrastructure's books.

Mr. Panda: Thank you.

The Chair: Thank you, Mr. Panda.
Ms Miller.

Ms Miller: Thank you, Chair, and thank you to the ministry. On line 5 of page 56 it shows that the property operations budget was \$9.1 million higher than it spent. Can you elaborate on why this happened? If property operations cannot spend all of its budget, is this not an indication that they don't need all the funding they've been provided?

Ms Flint: Thank you. The \$9.1 million lapse is primarily due to lower than anticipated utilities costs due to lower than expected rates and a milder winter resulting in reduced consumption and also lower property operation costs as a result of reducing service levels for activities such as frequency of building cleaning, snow removal, and landscaping. It's sort of a double benefit when we have warmer winters.

With respect to the question about funding in terms of: if property operations cannot spend all of its budget, is this not an indication that they don't need all the funding? While utilities costs make up a large portion of the property operations budget, utilities costs can vary widely, depending on usage and rates. In 2015-16 both usage and rates were low, resulting in reduced costs. These conditions may not exist every year.

Infrastructure manages its spending to stay within its budget. When costs are lower in one area, the savings may be used to offset higher costs in another area. In 2015-16 savings in the property

operations budget were used to offset higher than expected lease costs that we were experiencing. Infrastructure also reduced property operation costs to levels that are below industry standards, and these reduced levels can have impacts such as deterioration of government buildings and increased frequency of equipment breakdowns. So available funding could be allocated to improve service levels in order to avoid some of those implications as we move forward.

Ms Miller: Thank you.

On page 57, line 3, of the annual report it shows that the unexpended amount for the capital construction program is \$180.4 million. What is the reason for that underexpenditure?

Ms Flint: The underexpenditure is primarily due to \$147.9 million in funding that was available to be allocated to government capital priorities not being allocated in 2015-16 and 32 and a half million dollars for changes in project scheduling and cash-flow requirements for projects such as the Royal Alberta Museum and the courthouse renewable program.

Ms Miller: Thank you.

Going back to page 56, line 8.1, of the annual report, it shows that the unexpended amount for the floodway relocation program is \$36.5 million. What is the reason for that, and can you elaborate on what Infrastructure has done in response to the Alberta flooding and wildfire disasters?

Ms Flint: Sure. The underexpenditure is primarily due to slower than anticipated progress on Drumheller flood relocation and demolition work for the Calgary and Wallaceville homes. The unexpected amount was reprofiled to future years to ensure planned commitments under this program were being met.

For the 2013 Alberta flooding, Alberta Infrastructure was involved in the following initiatives: providing accommodations for recovery staff and recovering health facilities such as the Canmore hospital, Holy Cross hospital, the High River mental health building, and the Drumheller hospital. We worked with the Siksika Nation on a cleanup of the Hidden Valley golf resort, recovering and rebuilding government facilities such as the Sam Livingston Fish Hatchery and the High River community resource centre. The floodway relocation program, under which the province would acquire flood-affected homes from owners to allow them to relocate, was an example of some of the things that we did.

For the Fort McMurray wildfire infrastructure, we were involved in providing warehouse space for donated goods, accommodating recovery staff, and remediating sites where provincial buildings were destroyed; for instance, the province lost a bunkhouse and a ranger station.

Ms Miller: Thank you.

What is Infrastructure doing to ensure that all capital projects are delivered on time and on budget?

Ms Flint: Thank you. Infrastructure has several processes to help ensure projects are delivered on schedule and on budget. Infrastructure, with its stakeholders, is doing more upfront planning and issues management during implementation so that we identify the risks and strategies to mitigate those risks. We conduct feasibility studies and develop business cases to define scope, market conditions, and life cycle costs for the project, and we assess site readiness and suitability for the intended use, allowing for early detection of additional costs prior to purchase of the property. For instance, if we found that there was remediation work that had to be done, if we do early site planning, we can detect that and build that into the project as we move forward.

Also, we're ensuring that any impacts on milestones and deliverables are managed with stakeholders through increased communication as we move forward on any projects.

2:20

Ms Miller: Thank you.

Okay. Given that the Auditor General's recommendations on capital planning have been outstanding since 2007, what is being done to address these capital planning recommendations?

The Chair: If we could get a written response for that question, that would be great. Thank you very much.

Mr. Gotfried.

Mr. Gotfried: Thank you, Mr. Chair. I just want to go back to my prior line of questioning. I'm going to just put out a little background. I spent about an hour and a half with a company called Keystone Excavating in Calgary. It was a large excavating company. They told me that one of the reasons that they have made a decision to shut down their operations was because of the lack of progress on some of the larger projects which they have the capacity to undertake. It's certainly not the only reason but certainly one of the big reasons. They referenced the cancer centre, they referenced the ring road, and they referenced the green line in Calgary and said that the slow progress on those and the promises that have been taking place for anywhere from six to 18 months have caused a huge problem for economically challenged companies, financially challenged companies, particularly in the Calgary area.

My question, I guess, to you is really more from a high level: what can your department do to get these projects moved ahead more quickly so that we don't have companies actually deciding that operations are no longer viable for them because there's not enough work coming through in spite of significant promises of how infrastructure spending is going to stimulate the economy?

Ms Flint: Thank you. Perhaps I'll just follow up with some important things that we're putting in place. One of the things, as I mentioned, is that during the project planning stage it's important to actually undertake the correct planning as we move forward so that we don't run into unintended consequences, because those typically put us behind. During the project planning stage we are evaluating sites prior to selection. This allows, as I said, for early detection of additional costs. It also allows us to make sure that we know what we're dealing with before we actually move out with a build.

During the design and construction stage we are developing construction estimates throughout the design of the project. This really does allow us to confirm that the design and our scope align with the proposed budget or that it's modified where required and to conduct risk assessments to identify project risk factors that may impact construction costs. We're kind of looking at it from both ways just to make sure that we have identified the risks and that we are making sure that we can best manage them as we move forward with respect to construction.

Mr. Gotfried: I appreciate the answer, but I think my concern here is twofold. We are talking in many cases about infrastructure spending being a stimulus to the economy when we most need it, taking advantage of lower costs during this period of time, and, again, the financial and economic stress that many of our large construction-related companies are undertaking. It's very sad, of course, for any of us to see a company choose to shut down because of the lack of available work for them and the financial decision that, actually, closure and complete shutdown of their business is the right economic and financial decision for them to make.

Let me just move on. I made reference to the sunshine list before. Maybe I'll be a bit more specific. We have a sunshine list, but what I was really more referencing is a prioritized one so that we can see the evaluation that you have put into it with respect to readiness, costs, status of commitment, investment in construction, and other factors and so that we can hold this government accountable to not only the list but to the prioritization of the list and the homework that's done in achieving that prioritization, and then we can hold it accountable in terms of actually getting those projects into the ground.

Mr. Breakwell: I'll leave that question to be answered by Minister Mason, but the decision of the government when we produced the 2016-17 plan was to do a listing in alphabetical order of those projects as opposed to the priority ones. The question about changing that I'll leave for the minister to address.

Mr. Gotfried: The alphabet can be an interesting thing sometimes. It doesn't tell us a lot of information. It just stacks them accordingly.

One of my observations over the past year or so and as stated by various ministers, specifically in this case the Minister of Seniors and Housing, was their preference for government investment and not to consider things like P3s or other forms of public-private and nonprofit partnerships in various types of projects. While these models are not perfect, done well they can leverage the best of the three sectors: again, public investment, which is challenged at this point in time; private capital and expertise; and some of the nonprofit-sector resources that we can take advantage of. Can you maybe tell me a little bit more about how you're approaching these as appropriate to various types of projects in terms of infrastructure – community-focused, capital-intensive, or expertise-based projects – and how you're approaching those in terms of the best investment for the public purse?

Ms Flint: Sure. One of the things, as I spoke to previously, is that we are working with Seniors and Housing in terms of understanding what the needs are out in the community. They have been working closely with the not-for-profit groups and the housing associations to understand what the need is and putting those in order of priority in terms of moving forward. They're starting to move on projects in terms of trying to get those projects moving forward as quickly as they possibly can by working with their stakeholders to make sure that they get the right list and the right need and in the right time.

Mr. Gotfried: I hope that's true. The minister has stated on a few occasions that their preference is actually to plan, build, and operate publicly.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Gotfried.

Our final rotation will be five minutes for each party. I would like to remind members that we will have probably two to three minutes at the end for outstanding questions that will be read into the record.

If we can start with Mr. Taylor.

Mr. Taylor: Yes. Thank you. On page 14 of the 2015-16 annual report it mentions that the Grande Prairie regional hospital is still under construction. Is this facility scheduled for opening in 2019? Any indication when it might be open?

Ms Flint: Alan, did you want to add anything else to what I had spoken to previously about the Grande Prairie regional hospital?

Mr. Humphries: I think that perhaps the only other thing I would like to add is that the work is ongoing. The exterior of the building is more or less complete. We're working on the interior fit-out now. The last of the tender packages for the subtrades on things like drywall and the internal fittings are being issued right now. We are expecting that it will take about another 24 months or so for construction completion.

Mr. Taylor: Okay. On page 14 of the annual report it talks about improving processes for planning and construction of health facilities. What does it cost from inception to planning phase, architectural renderings, and concept design that is required for you to initiate a build, and how much will improving these processes limit these costs?

Ms Flint: One of the things it will improve is that as we take more time up front in terms of planning and understanding what we need to build and what the site conditions are, we should actually be able to deliver projects in a much more sustainable fashion moving forward.

Mr. Taylor: What would that cost be? How much is that cost to go from inception to that phase? You have not actually started the build yet, but how much are Alberta taxpayers paying each time that they do that? Then they all of a sudden seem to mysteriously disappear frequently. It's happened. I want to know what that cost is.

Ms Flint: Yeah. I'll look to Alan.

Mr. Humphries: Typically to get a health facility to the tender-ready stage under a design/bid/build package, it would take you about 15 per cent of the total build cost.

Mr. Taylor: Okay. What is the estimated time frame for a hospital build project, such as the five projects in progress mentioned on page 14, from putting it into the unfunded capital project list to the time that it's completed?

Ms Flint: It depends on the complexity of the health project that you're talking about. Obviously, a Calgary cancer health facility would be much longer than perhaps a health care facility that we're looking at or a health facility like we put in High River, for instance.

Mr. Taylor: So what is that in terms of years?

Ms Flint: Alan, can you . . .

2:30

Mr. Humphries: Unfortunately, that's a very difficult question to answer. It depends on the nature of the project. If you're doing a small detox centre with maybe seven beds . . .

Mr. Taylor: How about something like the Wainwright hospital?

Mr. Humphries: That's a renovation project?

Mr. Taylor: No. We're talking – it was on the priority list to have a new hospital just a few years back.

Mr. Humphries: I'll have to defer to the capital planning team because the question is: when does it become identified as a priority and then get approved by the government?

Mr. Taylor: Okay. Fair enough. If somebody can look into that, I would appreciate that.

In relation to the Grande Prairie project, as mentioned on page 14, what is the timeline for the repurpose and renovation of the existing Queen Elizabeth II hospital in Grande Prairie?

Ms Flint: I'm going to turn to Alan to answer that question. Alan, the question was: what is the timing, if I understand the question right, for repurposing the Queen Elizabeth hospital up there with respect to opening up the new Grande Prairie hospital?

Mr. Taylor: Yeah, the timeline for repurpose and renovations of the existing Queen Elizabeth II hospital in Grande Prairie.

Mr. Humphries: It's my understanding that that's not in the capital plan right now.

Mr. Taylor: Okay. If we look further down in the April 2016 report, on page 16 the Auditor says that the infrastructure . . .

The Chair: Thank you, Mr. Taylor.

I'd like to move on to the phones. Member McPherson.

Ms McPherson: Thank you. What is the status of the internal review of the KPMG report on deferred maintenance?

Ms Flint: The status of the internal review of the KPMG report on deferred maintenance: an action plan to address the recommendations in the report has been developed and reviewed by Infrastructure's executive team. The feedback from the executive team will be incorporated, and the revised action plan will be further reviewed by the executive team for approval to implement. Recommendations on deferred maintenance include things like introducing standards for deferred maintenance calculation and reporting, as we discussed previously, defining and categorizing infrastructure based on criticality and importance to service delivery, and aligning performance measures with objectives and service requirements.

Ms McPherson: Great. Thanks very much.

In the April 2016 report the Auditor General recommended that Education and Infrastructure improve systems for managing and controlling projects. What improvements have been made as a result of this recommendation?

Ms Flint: To address this recommendation, Infrastructure has developed updated processes, procedures, and systems for updating the public website to ensure that all publicly reported data is accurate. We've enhanced internal efforts to ensure that project management and project reporting are improved. Senior management receives weekly updates on projects' status. We have improved communications with the Department of Education to ensure that publicly reported milestones are reasonable and supported by project schedules that consider project status, complexities, and estimated time frames for remaining activities.

In addition, we've implemented a requirement that senior management sign off on project information that is updated and put on the public website. We've ensured that current reporting practices and website updates are to monitor actual project progress, with updates based only on verified information. With Education we're finalizing a memorandum of understanding between the two ministries that requires both ministries to collaborate on defining clear project requirements and time frames prior to making any public announcements.

Ms McPherson: Thank you.

The Auditor General's recommendations on capital planning have been outstanding since 2007. What has been done to address these capital planning recommendations?

Ms Flint: Thank you. Maybe I'll turn to David to respond to that question.

Mr. Breakwell: Yeah. Certainly, over the last couple of years we've been working to change the capital planning process within Infrastructure to ensure that we are putting some formalized criteria in place, that we're providing the information that is needed for Treasury Board to make decisions. We've been working closely with the Auditor General, who has been looking at our current processes, and we're expecting a report to come from the Auditor General in the near term on how we may have addressed those outstanding recommendations or how they still apply.

Ms McPherson: Thanks very much. It sounds like you're taking it all pretty seriously.

In the April 2016 report the Auditor General recommended that Infrastructure improve reporting systems and controls by improving "its systems for publicly reporting on the status of school capital projects." What is Infrastructure doing to address this recommendation?

Ms Flint: Sure. Roy, did you want to answer that question?

Mr. Roth: When it comes to publicly reporting statuses, we make sure that we work closely with project teams to ensure that we have real and verified data, that is utilized to inform our reports. These reports are updated on a regular basis and provided to senior officials on a weekly basis. Ultimately, those reports are developed into a monthly package of information that is circulated and verified by Alberta Education staff in their contact with various school jurisdictions. Once that has been verified, senior officials, deputy ministers sign off on that data, and then all of that data is uploaded on the public website. Ultimately, there are a number of checks and balances that are put in place to ensure that whatever we are reporting has been verified and validated prior to it appearing on any website update.

The Chair: Thank you, Member McPherson.

Ms McPherson: Thank you.

The Chair: Mr. Gotfried.

Mr. Gotfried: Thank you, Mr. Chair. Just a little bit back on P3s and other types of partnerships, can you tell us what the current liabilities are which remain from previous P3 projects, how they're being managed, and maybe just a little bit of a note on if this model has been relatively cost- and capital-effective for the previously referenced major infrastructure projects across the province?

Ms Flint: That's information I don't have with me today, but I'm happy to provide that in writing.

Mr. Gotfried: Okay. That would be fine.

Moving on to some capital plan issues, in drafting the capital plan that came along with Budget 2015, the government sought the advice of David Dodge. Now, Mr. Dodge is a well-respected expert in this area of capital and infrastructure investment, and to my understanding his report noted that increasing infrastructure spending when your economy is struggling can be an effective tool as we all know, as previously referenced, how that can help in a struggling economy. However, this has to be done in a counter-cyclical manner, where projects are approved, funded, and, as importantly, initiated while the economy is struggling and where those savings can be put in place with respect to lower labour costs and other input costs.

I'd just like to know which major infrastructure projects which have been newly announced by this government have been initiated under this plan: newly announced, initiated because of the David Dodge recommendations, and actually moving forward in terms of getting a shovel in the ground and moving ahead.

Mr. Breakwell: Sure. I don't have my complete list in front of me, but I know that there was a postsecondary institution project that was announced at that point in time. There were a number of other smaller projects that were deemed to be shovel ready, ready to go.

I think the other part that was done was that a significant amount of funding was set aside in Health, Education, postsecondary as well as in Seniors for future projects, and I think that when the capital plan comes out, you'll see that that funding has been allocated more effectively now because the planning, that's been talked about a number of times, and the upfront work have been done on a number of projects now.

Mr. Gotfried: Okay. My concern goes back to, again, that much of the reason d'être for David Dodge's recommendations was that we could take advantage of low labour costs and other input costs during a downturn and stimulate the economy. I guess I'm asking again: you know, do we have a list of those projects that were newly announced? Is the funding in place? How many are actually moving ahead, or are they being delayed?

Mr. Breakwell: I can get that for you in writing.

Mr. Gotfried: That would be helpful. Thank you.

2:40

Ms Flint: I do have a list here if you'd like me to mention a few of them.

Mr. Gotfried: If you share it in writing, that's probably sufficient. Thank you very much. That's very good to have.

Following up on my last question about the David Dodge report, does the department have a way to measure and then report on whether or not the overall objectives of that highly touted report are being met, and does the department have a mechanism to measure how the timing and implementation of a project impacts the end cost of that project? Can you attach some savings to the fact that we're moving these ahead during a downturn in the economy? Obviously, that's one of the reasons to do it. I know you noted some earlier savings on some projects that may have been under way already, but I'd just like to know that there's a process in place for us to actually capture that and demonstrate that we're saving money at the same time we're putting Albertans to work.

Ms Flint: Sure. Some of the things that we are looking at in terms of when we go out and scope some of these projects are: are we seeing incremental savings in terms of what we thought it would be? Then we would look at: if we are seeing savings, how do we reallocate those two other projects that might be deemed high on the priority list for this government?

Mr. Gotfried: Okay. I guess my follow-up question to that as well would be just around, again, the shovel ready but, as importantly, that shovel ready shouldn't be the only determinant. Is there a need, a demonstrated need within the communities that are asking for these? Is there a robust process in place for communities around Alberta to come forward with various types of projects? We know that there are some Seniors and Housing projects coming forward. Obviously, the schools have been previously announced. But are there other opportunities for municipalities and other rural areas to come forward with projects that are ready to go, possibly have

complementary funding, and where there can be significant savings realized in moving ahead quickly?

The Chair: Thank you, Mr. Gotfried. Did you finish your question?

Mr. Gotfried: I think we're good. If there could be a written answer to that, that would be fine.

The Chair: Fair enough.

I will open the floor to questions that are requesting written answers. I have a list. Mr. Barnes.

Mr. Barnes: Thank you, Mr. Chair. I have two. Thanks to the Infrastructure people. I had a tour of the Medicine Hat regional hospital expansion the other day, and my compliments to you on how well it's done. It is a little bit behind schedule, however, and I would like an answer on: do you have a process to analyze and review what causes these delays?

My second written question, Mr. Chair, is on design/build versus a bid/design, bid/build process. You know, a design/build so often turns into cost plus. I'd like to hear from Infrastructure what mechanisms or what matrices they use to decide when they should use design/build versus a more traditional bid/design, bid/build situation.

Thank you.

The Chair: Thank you, Mr. Barnes.

Mr. Taylor: On page 13 the annual report talks about the modernization of procurement practices. What risks are there in the development of standing offers of smaller or medium-sized contractors being excluded from bids? That would be one.

I have three questions if I could. In the April 2016 report on page 16 the Auditor says that Infrastructure lacks a system to manage and report on school projects. What is the ministry doing on this issue, and when can we expect a publicly accessible program that reports on such things as the progress of builds? Is the report, mentioned on page 13 of the 2015-16 annual plan, going to be made public? If not, why not?

My final question . . .

The Chair: Mr. Taylor. Sorry.

Is there anybody on the phones that has a question? Mr. Fraser.

Mr. Fraser: Thank you, Mr. Chair. The question that I have for the panel is: where there are cost-shared savings, partnerships, either between cities or private businesses, can you tell me how many projects you have embarked on with that type of cost sharing and if there are any slated to start this year?

Thank you.

The Chair: Thank you, Mr. Fraser.

Mr. Fraser: Thank you.

The Chair: Mr. Taylor, you have about 30 seconds.

Mr. Taylor: On page 16 of the April 2016 report the Auditor General recommends that the ministry use common reporting systems that specify, among other things, who will update documents and how they will be updated. Based on my reading of the school RECAPP reports online, many of them seem to be well passed the five-year deadline for a new report to be put online. What progress has the ministry made towards this goal, and will the school VFA/RECAPP report be updated any time soon? Do they update in bunches or one at a time? Are the updates scheduled?

The Chair: Thank you, Mr. Taylor.

I don't see any further questions.

I'd like to thank the officials from the Ministry of Infrastructure for attending today and responding to the committee members' questions. We ask that any outstanding questions be responded to in writing within 30 days and forwarded to the committee clerk.

The committee will return in 10 minutes to the same room that we're in right now to meet with the Ministry of Transportation.

Thank you.

[The committee adjourned from 2:46 p.m. to 2:56 p.m.]

The Chair: I would like to welcome our guests from the Ministry of Transportation. My name is Scott Cyr, MLA for Bonnyville-Cold Lake, and I am the chair of the Public Accounts Committee.

I'd ask that the members, staff, and guests joining the committee at the table introduce themselves for the record, and I will go to the members on the phones next. Starting to my left, we will do introductions.

Mrs. Sawchuk: Karen Sawchuk, committee clerk.

Dr. Massolin: Good afternoon. Philip Massolin, manager of research and committee services.

Mr. Saher: Merwan Saher, Auditor General.

Mr. Driesen: Rob Driesen, Assistant Auditor General.

Mr. Fung: Dale Fung, Transportation.

Mr. Tharmalingam: I'm Ranjit Tharmalingam, assistant deputy minister, corporate services and information.

Mr. Day: Barry Day, deputy minister of Transportation.

Mr. Loo: Tom Loo, acting assistant deputy minister of delivery services, Transportation.

Ms Renaud: Marie Renaud, MLA, St. Albert.

Dr. Turner: Bob Turner, Edmonton-Whitemud.

Mr. Dach: Lorne Dach, Edmonton-McClung.

Ms Miller: Barb Miller, MLA, Red Deer-South.

Mrs. Littlewood: Jessica Littlewood, MLA representing Fort Saskatchewan-Vegreville and acting deputy chair.

The Chair: The members that are teleconferencing in are Mr. Barnes, Member Cortes-Vargas, Ms Luff, Member McPherson, and Mr. Malkinson. If you could state your names and your constituencies for the record.

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

Mr. Malkinson: Brian Malkinson, MLA for Calgary-Currie.

Mr. Fraser: Rick Fraser, Calgary-South East.

Ms McPherson: Karen McPherson, MLA for Calgary-Mackay-Nose Hill.

The Chair: For the sake of the people that we have on teleconference, those that are speaking at the mike or if it's not the DM could you please state your name and your title so that we know who is speaking.

The members should have a research report prepared by research services, the Auditor General briefing document as well as an updated status report on the Auditor General's recommendations document completed and submitted by the Ministry by Transportation.

I will invite the officials from Transportation to provide opening remarks not exceeding 10 minutes.

Mr. Day: Thank you, Mr. Chair, and good afternoon, everyone. On behalf of Minister Brian Mason, thank you for the opportunity to present some of the highlights of Transportation's work in the fiscal year 2015-16. Staff at the table with me have already introduced themselves, and we have some additional staff present today to watch and learn and also to assist with some of the detailed questions as necessary.

Transportation is a very busy ministry, and fiscal year 2015-16 was no different. In our annual report the following was identified: \$1.35 billion in expenses, which includes grants, amortization of capital assets, and consumption of inventory; and \$1.49 billion in capital investment.

Some of our main focus areas at Transportation include building and maintaining roads and bridge infrastructure across the provincial highway network, water management structures such as dams and reservoirs on behalf of Alberta Environment and Parks, helping to ensure that people who use our roads and infrastructure are safe, and supporting local municipalities by providing grants for local infrastructure.

Alberta's provincial highway network includes more than 31,400 kilometres of roads. About 28,000 kilometres of those are paved, and we also own, maintain, and operate nearly 4,500 bridge structures, including culverts.

Transportation's mandate is to provide a safe, integrated, innovative, and sustainable multimodal transportation system. To do that, we're organized into three divisions. First is safety, policy, and engineering, which develops standards and governance for our transportation system, develops long-term investment in capital planning strategies, oversees 511 Alberta, and provides strategic policy support.

Second is delivery services, which is responsible for the planning, programming, and delivery of provincial highway projects, managing highway maintenance and rehab activities and municipal grant programs, and providing transport engineering services such as permitting for commercial vehicles. They do that through a network of district and regional offices.

The third division we have is corporate services and information, which provides financial services, strategic business planning and reporting, FOIP support, tender administration, procurement of consulting services, records and information management, as well as emergency management and response.

The ministry also includes the Transportation Safety Board, which conducts driver review hearings and independent appeals of driver, vehicle, and safety decisions from the registrar of motor vehicle services, and also conducts hearings under the Railway (Alberta) Act and the Dangerous Goods Transportation and Handling Act.

I'd like to share now with you some of our highlights for the 2015-16 fiscal year.

We maintained 56.5 per cent of our highways in good condition, which exceeded our performance goal by 1 per cent.

We worked with our partners across the province, including municipalities and law enforcement agencies, to increase safety on our highways. Through our regional traffic safety consultants and staff we worked with community partners to promote our public education initiatives.

We also provided personal and commercial drivers with better information on road conditions by improving 511 Alberta, which is the province's official road reports program.

Penalties for distracted driving were strengthened. As of January 1, 2016, any driver convicted of distracted driving receives three demerits in addition to the \$287 fine.

In February 2016 we implemented regulations to allow transportation network companies such as TappCar and Uber to legally operate in Alberta, and we also introduced regulations that allow skilled, trained current or retired Canadian armed forces members to more easily get approval to operate commercial vehicles without additional testing.

We continue to collaborate with other governments and industry to adopt a co-ordinated and diversified approach to transportation systems and planning. We also continue to move Alberta toward an integrated multimodal transportation system by investing \$1.5 billion in capital investment on our highways in Alberta. This included work on major highways, bridge construction, and pavement rehabilitation projects all around and across the province. We also completed 99 per cent of the twinning of highway 63 between Grassland and Fort McMurray, 237 of the 240 kilometres, and that was higher than we had forecasted for the '15-16 fiscal year. In doing that, we invested \$239 million to complete 150 kilometres of twinning.

3:05

We continue to work along the northeast Anthony Henday Drive, the final leg of the Edmonton ring road, which, as you will know, has now been completed. At the same time we were planning for the next step in building the southwest Calgary ring road, which now is in the construction phase. That's a major project that includes 31 kilometres of six- and eight-lane divided highway; 49 bridges, including bridge structures over the Elbow River and Fish Creek; and 14 interchanges. On May 14, 2015, the government of Canada officially approved the land transfer of property from the Tsuut'ina First Nation to the province of Alberta. That meant construction on the southwest ring road could begin.

We also provided \$185 million in green transit incentives program funding, or GreenTRIP funding, to 10 communities. These grants supported projects such as buying more light rail transit vehicles and buses for local, regional, and paratransit services, construction of bus storage facilities, transit transfer hubs and park-and-ride lots, and planning for future LRT expansion in Edmonton and Calgary.

We also worked with officials from smaller urban centres and rural municipalities, including providing \$36 million in water for life grants to 27 communities or water commissions; \$25.3 million in Alberta municipal water/ waste-water grants to 32 communities; and \$5.4 million in strategic transportation infrastructure program, or STIP, grants to 11 communities. In March of 2016 we began a municipal stakeholder engagement seeking input into criteria for future STIP grants. That same month we began public transit engagement to get stakeholder and public input into a new provincial and public transportation strategy and a municipal transit funding program.

While we moved forward with capital plan work, we also worked hard to address concerns raised by the Alberta Auditor General. I'd just like to take a minute to update the committee on outstanding items from the October 2016 OAG report. One item in that report relates to a 2009 recommendation to enforce compliance by carriers who persistently fail to comply with rules and regulations. We're addressing that by doing the following.

The majority of our computer system enhancements specific to the management of carrier activities have been implemented.

We've approved, updated, and enhanced policies and procedures for complaint handling, and we're continuing with the collection, analysis, and review of the results until mid first quarter of 2017-18. We expect to be ready for a follow-up audit. Hopefully, we'll see those recommendations implemented.

Additionally, in July '16 the Auditor General confirmed that the department has implemented effective contracting processes to manage the structural safety of bridges. The report also noted that we've improved processes for contracting out bridge inspections and determining if contracting out inspections was cost-effective. The Auditor General was clear in his 2012 report and in July 2015 that our provincial highway bridges are indeed safe.

With that, I'd like to thank you for your attention, and we will open up for questions.

The Chair: Thank you, Mr. Day.

I'd like now to turn this over to the Auditor General for his comments. Mr. Saher, you have five minutes.

Mr. Saher: Thank you, Mr. Chairman. I'm pleased that the deputy has drawn attention to the one outstanding recommendation. It was my plan to draw attention to it, so I don't need to repeat what he said. The department anticipates the recommendation will be ready for a follow-up audit by the end of the first quarter of 2017-18, which I take to mean by the 30th of June of this year, and we will be ready to do that follow-up work as soon as we hear from you.

Just to put the recommendation into context, the key finding we had when we repeated the recommendation in 2014 – and I'll just quote from the 2014 report: "One third of carrier files with non-compliance issues we examined were not followed up by Transportation with timely and appropriate action." This is, I believe, a recommendation of substance. It goes to the safety of Albertans, those who use the roads, so I'm pleased that we will be invited back shortly to do that follow-up work.

Thank you.

The Chair: Thank you for your comments, Auditor General.

We are now following the time allotment format for questions from the committee members, adjusted for the hour and a quarter time slot. The first rotation will be 10 minutes each for the Official Opposition and the government members, followed by seven minutes for the third party opposition. Our second rotation will be six minutes for each of the parties, with the agreement of the committee that any time remaining will be distributed equally among the three parties.

I will now open the floor to questions from the members; however, I would like to note that there will be a one- to two-minute time frame allocated to outstanding questions to be read into the record at the end of this meeting.

Mr. Barnes, are you ready for questions?

Mr. Barnes: Yes, I am, Mr. Chair. Thank you very much, and thanks to all the Transportation officials for your time and your work in being here today. I want to start with: the Transportation ministry identifies four desired outcomes and associated performance measures in its 2015-18 business plan. I want to jump to number 4, and I've got some questions around that.

Desired outcome 4 is "A safe and secure transportation system that protects Albertans." I want to go back. It was referenced, the bridge inspection program, bridge inspection contracts. Of course, the Auditor General in 2012 and 2015 pointed out recommendations, whether or not to contract out to bridge inspectors and how to improve the process to contract visual inspections. Good to hear that at that time it was indicated that all the bridges were in safe condition, but obviously, you know, time can change that. If

somebody from the ministry could talk to me just briefly about how you decide to award who gets the bridge inspection contracts and a quick rundown on the degree of due diligence.

Thank you.

Mr. Loo: The department has privatized the inspection of our bridges on the provincial highway network, and we go through a competitive process by a request for proposal. Firms are invited to submit proposals to do this work, and they are evaluated based on their understanding of the work, the staff that they are proposing to do the work, and obviously cost. Alberta's system, our bridge inspection and maintenance system, includes a certification process, which requires training; classroom work, where there are exams they're required to pass; and certain levels of education and experience. This competitive process that we're using to hire bridge inspectors takes all of those elements into account. We are seeking through that process to find best value for Albertans.

Mr. Barnes: Okay. Sir, do you use a prequalification process then a bidding, or do you combine it?

Mr. Loo: We do have a prequalification process for all the consultants that do work for us; however, with the bridge inspection process, it's an open call. However, one of the requirements is that the staff doing the inspections for us must be certified and have a valid certification to do this work.

Mr. Barnes: Okay. Thank you.

I would like to move on. The outstanding recommendation: I agree that it is good to hear that you've addressed it and there's a follow-up audit from the Auditor General very shortly, but I am concerned. You know, for eight years it was outstanding, and of course we're dealing with safety here. How sure is Transportation that things were safe the last eight years, how sure of your mechanisms in place? Jeez, I think I heard that a third of citations were never followed up on.

Mr. Day: Thank you. Good question. First, let me stress that Albertans are not and were not at risk due to the delay of implementation. To clarify, there were three recommendations at the time on commercial vehicle safety, and two of those were implemented earlier on. The third one is still outstanding. The department feels we dealt with the two recommendations that may have led to compromised safety first.

3:15

The first one was to improve our inspection capability by incorporating risk analysis into the selection of vehicles for roadside inspection and increasing the amount of information available at roadside. To respond to that, thermal imaging was piloted in 2004-2005 and fully implemented in 2010. That allows us through thermal scans to determine if a carrier has overinflated tires, which could cause a blowout and safety risk. We introduced prescanning technology such as our smart roadside inspection system in 2012, and electronic inspection reports were implemented in 2012. So we have faster access to information through that.

The second piece . . .

Mr. Barnes: Thank you, sir. If you don't mind, I'm just a little limited on my time.

Mr. Day: Okay.

Mr. Barnes: Eight years is a long time. Why do you think it took eight years? And it's still not addressed fully.

Mr. Day: You know, as I said, they will be addressed and ready for reaudit in the first quarter of 2017-18. Those were changes to address some of the systems that we're using for inspection services. As I said in my previous answer, at no time did we feel that the safety of Albertans was compromised.

Mr. Barnes: Okay. Thank you.

I remember two or three years ago quite a number of fines for certain highway maintenance people for, I guess, not doing things on a timely or a complete basis. I represent mostly a rural constituency where a couple of years ago there were a lot of concerns about trying to save money by not cutting grass at approaches, which could have devastating effects. Can somebody briefly touch base on how we're holding our private corporations accountable going forward for the contracts we've given them and what our plans are for grass maintenance in the rural parts of Alberta?

Thank you.

Mr. Day: Sure. In the last year – and I'm not sure if it goes back to 2015-16 – the department reduced the number of cuts that we do alongside roads and in ditches and road allowances. Due to the number of complaints that were received and the number of concerns raised, Minister Mason directed us to do a full cut in September, which we did. Since then we've met with rural municipalities, the AAMDC, and the Agricultural Fieldmen, and we've come up with a mowing and vegetation control program that will be implemented this coming season that everyone seems satisfied with. So, you know, we've done our homework, we've learned our lesson, and we're moving on.

Mr. Barnes: Okay. Thank you.

How about road maintenance itself, whether it's snow-clearing or maintenance items?

Mr. Day: For road maintenance, again, safety is the number one priority. Snow-clearing is job one, absolutely, in the wintertime. We're looking at, you know, within the budgets that we're given, doing an effective job in terms of crack-filling and maintenance. Again, we are not able to do everything to meet everyone's standards, but we think we're maintaining the roads at an acceptable standard.

Mr. Barnes: Okay. Thank you.

I want to jump ahead to the 50-year transportation strategy that was started in 2010. My understanding is that seven years in it is still not delivered. I also understand that it's a little hard to know exactly, you know, what the focus of it is going to be in terms of whether it's going to create a priority list or long-term kind of oversight. I'm also fully aware that the transportation industry is changing, with almost self-driving vehicles and those kinds of things. Can somebody talk about your goal with the 50-year strategy and how that might tie in with these top-drawer technologies, please?

Mr. Day: Sure. Thanks for the question. As you've intimated, a lot has changed since 2010, when the 50-year transportation strategy was first being looked at. Over the past couple of years, because of this emerging technology, we've had to take another look at what the long-term transportation strategy will in fact accomplish. We're looking at whether 50 years, actually, is too long of a horizon, you know, if you just look at the last two or three years with the emerging technology for automated and connected vehicles, some of the economic factors and climate change initiatives that we now need to factor into that strategy. I can assure you that we are working hard on it, but we're really working hard to adapt it to a

strategy that is meaningful for the future given what we know is coming at us.

Mr. Barnes: Okay. Thank you.

The Chair: Thank you, Mr. Barnes. Your time is allotted.

Mr. Barnes: Thank you, Mr. Chair.

The Chair: Mr. Malkinson, are you ready for your rotation?

Mr. Malkinson: Yes, I am, Mr. Chair. Thank you very much.

Just to start off, you know, you mentioned in your introduction about the twinning of highway 63, and my question is related to that. On page 11 of the annual report the twinning of highway 63 is listed as a performance measure. Now, given that highway 63 is one of Alberta's most important transportation corridors, especially as we rebuild Fort McMurray, while it isn't necessarily the busiest route, it's perceived as being a dangerous route. What has Transportation done to improve the safety of these corridors, and how much has it cost?

Mr. Day: Okay. Thanks again for the question. Highway 63 we've twinned from Grassland to Fort McMurray. That work was completed ahead of schedule. The primary goal, again, is safety and movement of goods and services. That's a high-load, heavy-load corridor, so we want to make sure that those loads can be delivered to the industrial sites in a safe and efficient and effective manner. There's one bridge structure that's left to be completed over the Hangingstone River.

To your question, Mr. Malkinson, on the total cost, since 2005 we've invested more than \$1 billion in highway 63. That also includes improvements that we've made for highway 881, which provides a secondary route. I don't have the breakdown specifically for highway 63, but we can provide that to you if you're interested.

Mr. Malkinson: That's perfect. It's good to hear that.

Now, that bridge you were talking about: does the ministry have an ETA for completion of that?

Mr. Day: We're on target for construction completion in 2018.

Mr. Malkinson: When that's done, that would complete the twinning of highway 63? Would that be correct?

Mr. Day: From Grassland to Fort McMurray, correct.

Mr. Malkinson: Excellent. Thank you.

Moving on, page 20 of your annual report lists the major capital projects that were under way or planned. How are these capital projects prioritized?

Mr. Day: Okay. Thank you. We look at a number of factors in prioritizing our projects, starting with safety – safety is always paramount – and we look at things like condition of the infrastructure, road, or bridge; we look at the traffic volumes; and we also layer on 12 criteria that government has adopted for prioritizing capital projects. We put our projects through the paces to make sure that they meet the government's priorities in the best way possible, and then they're submitted into the capital planning process.

3:25

Mr. Malkinson: Perfect. Thank you very much.

Moving on along the same vein, from pages 18 to 20 of the annual report there are lists of projects that are under way, completed, or

planned. Can you discuss whether the project priority rating has changed, and is this information available to the public?

Mr. Day: Absolutely. The ratings can change, again, particularly if a safety issue crops up or if a piece of infrastructure deteriorates more quickly than anticipated through additional traffic volumes, you know, those sorts of things. Our construction program is a public document. In addition to the capital plan that government publishes along with the budget, we have on our website a three-year construction program which identifies all the work that Transportation is going to do in that forward-looking, three-year horizon.

Mr. Malkinson: Perfect. Thank you.

I imagine the truck that hit the bridge by Ponoka would perhaps be an example of where a funding priority would change due to something happening to a structure.

Mr. Day: That's an excellent example, sir, and we're looking at what the best repair is for that situation.

Mr. Malkinson: Perfect. Thank you.

Moving on, right now I'm looking at page 23 of the annual report. On that page there's a graph showing the physical condition of provincial highway surfaces. The ministry had a target for the condition of our highways in good condition to decrease to 55.5 per cent, but the actual result was 56.5 per cent. I was just sort of wondering why your department forecast a decrease. If you could elaborate on that?

Mr. Day: The decrease was the result of a previous forecast based on the available funding. In the 2015-16 budget government introduced a significant increase to major maintenance funding, which will be implemented over time. It's in the current five-year capital plan. We're seeing continued increased funding for major maintenance, so we will be reflecting the current levels of funding in terms of our condition ratings going forward. We believe that with the additional funding we will see more of our highways and bridges coming into good and fair condition, lowering the numbers in poor condition.

Mr. Malkinson: Perfect. Thank you.

Just sort of expanding on that, you know, what is the status of the deferred maintenance on the provincial highways? If you could just expand on that some more?

Mr. Day: The number that was published in 2015, I believe, was \$2.6 billion. Again, we will be re-evaluating that and producing, you know, a more current number going forward.

Mr. Malkinson: Perfect.

Mr. Chair, how am I doing for time?

The Chair: You have two minutes and 30 seconds.

Mr. Malkinson: Thank you, Mr. Chair.

Moving on then, again looking at page 20 of the annual report, it seems to me that you sort of mentioned earlier the QE II corridor. The report says that \$6 million was allocated to conduct a corridor improvement study from 2015 to 2017 on the QE II, with a focus on the review and consolidation of the previous corridor plans, the review of alternative corridors and congestion mitigation methods as well as an implementation plan. How much progress has been made on this QE II corridor improvement study in 2015-16?

Mr. Day: We're, I think, making good progress on that study. Forecast completion is on track for December of 2017. It's taking a long time because we want to get it right. We're taking, you know, a broad, holistic look at QE II's current and future capacity as a corridor for the overall efficient and effective movement of goods and people and not just as simply a highway for cars and trucks. The study has four main objectives: obviously, review and combine the results of previous corridor studies and plans; assess the corridor's future needs, including, you know, land-use plans from municipalities; examine alternative north-south corridors; and congestion management.

The answer might not always be or only be to add a lane to highway 2, or QE II. We need to look at other corridors like 2A, highway 22, highway 21, et cetera, and then develop a construction or implementation plan for each of the options. As I said, it's a very broad and very thorough look at the corridor needs of highway 2.

Mr. Malkinson: So it's more than just the QE II and, you know, the potential for more lanes; it's around the surrounding highways there as well. Would that be a correct summation?

Mr. Day: Yeah. Absolutely. You know, as I said, we're looking at working with municipalities to look at future land-use plans and those sorts of things because all of those things have an impact in terms of access and egress from the highway.

The Chair: Thank you, Mr. Malkinson. Your time has been allocated.

Mr. Malkinson: Perfect. Thank you, Mr. Chair.

The Chair: Mr. Fraser, are you ready to ask your questions?

Mr. Fraser: Yes, Mr. Chair. I just wanted to thank the panel for all their work. I asked this question to Infrastructure, and I'll ask it to you. Are there any projects currently approved and/or currently being built that involve cost sharing with other municipalities and private business?

Mr. Day: I'm going to say yes because that's something that we look for and look at in terms of delivering some of our projects. I do not have a list that I can cite, Mr. Fraser, but we can provide that if you're interested.

Mr. Fraser: Yeah. That would be perfect.

More specifically, is there money allotted to the interchange at Deerfoot Trail and 212th Avenue in southeast Calgary?

Mr. Day: I think that's a question best asked once the next budget is out. As of today there is no money allocated for that project.

Mr. Fraser: Okay. I guess we'll just wait for budget on that.

In terms of the growth of the province and the challenges we've seen – certainly, there are other areas that have faced these challenges when it comes to transportation infrastructure – how often does your business unit and department go through and look for best practices in cities similar to ours that, you know, have faced these challenges and maybe learned something new? How often are we updating our practices to stay ahead of the curve when it comes to this type of infrastructure? Certainly, if we stay ahead of it, we can promote growth of business and planning for future business.

Mr. Day: Thank you. We promote continuous improvement. We are always looking at ways to do things better, more effectively, more efficiently, more cost-effectively. We work with the Transportation Association of Canada, and we're members of TAC.

TAC is continuing to look at making sure that standards and processes are up to date and current. We adhere where we can to the national standards to make sure that our system requirements, you know, make it as smooth as possible for someone to operate within the system from province to province and certainly from border to border within Alberta. We share information. The major cities are members of the Transportation Association of Canada, so we're all, I think, engaged in making sure that we are looking at continuous improvement in a very mindful and a very serious way.

3:35

Mr. Fraser: Right. In that regard, when safety becomes an issue because a piece of infrastructure isn't built and it's creating certain chaos in communities, is there a different approach? You did mention, with the colleague before me – you know, when there's a specific need, what does it take? Does it have to be a catastrophic failure, a loss of a life before something would be moved up in the chain of priority?

Mr. Day: No. As I said, you know, safety is job one. We look at a number of factors. I mentioned, obviously, safety, collision data. We look at condition, and we look at congestion. We also look at – and I mentioned the 12 criteria that apply to the capital planning process across government. Operating costs impact the projects. There are a number of factors that we look at.

Mr. Fraser: Do you look at economic viability? Like, how often are you involved with the ministry – sorry; it's just slipped my mind – and, obviously, Treasury Board and Minister Bilous's office? How often are you in connection with them in terms of, you know, something being built as a priority that brings a huge economic windfall to a community? How much does that change the priority?

Mr. Day: Well, we look at, obviously, economic impact and economic assessment and not just from the perspective of moving goods and services, you know, effectively and efficiently on our roads. We look at contributing economic impact. That's why I mentioned before that in the QE II study we look at the potential for development and the impact (a) that that's going to have on the system, and then how do we plan and design and build for that? But we also look at the economic impact in terms of jobs created, both from a construction and a permanent standpoint. So we are in constant conversation with other ministries, including Economic Development and Trade, Culture and Tourism, Treasury Board and Finance, obviously.

Mr. Fraser: Just to clarify, you're basically saying that when it comes to some of these new projects, you're not privy to which ones may come up in the next budget.

Mr. Day: That's correct.

Mr. Fraser: Okay. That's all for my time, Mr. Chair.

The Chair: Thank you, Mr. Fraser.

I would like to move on to Mr. Barnes. Are you ready again?

Mr. Barnes: Thank you again. Do I have another eight minutes?

The Chair: You have six minutes, Mr. Barnes.

Mr. Barnes: Okay. Thank you. First, I want to go back to that 50-year transportation study, started in 2010. Again, I mean, no doubt it can contain a lot of good work, but I'm still very, very concerned about the effectiveness, the focus, and the cost. Does the Department of Transportation have any idea what they've spent on this so

far? What are the measurements going to be as to, you know, how effective this is?

Thank you.

Mr. Day: Again, thanks for the question. That strategy is something that we're developing internally. We haven't yet seen the need to bring in a consultant to help us with that. I can't give an exact breakout of the costs because staff who are working on that are also working on other things and other files. You know, as I said earlier, we need to take the time to get this right. When you're looking ahead into the future – again, I can't stress enough the rapid changes that we've seen in technology. In the last five or six years automated vehicles were something that was rarely talked about. Today people are saying that in five to 10 years we could be faced with driverless vehicles on our highways. So we need to make sure that we get this as right as we can.

Mr. Barnes: Okay. Thank you.

Highway 61 down south in my constituency between Foremost and Etzikom: work started on it this year to do some improvements, and I believe it got shut down because – you know, it doesn't rain down here very often, but it did rain a little bit in August, and a little bit of water pooled. The rumour is that Environment actually shut the job down and heavy-duty equipment sat on the side of the road for a long, long time. Hopefully, work will resume very quickly in the spring. Is that accurate? Does a slight pool of water shut down a big project, and who bears the cost of that?

Mr. Day: Yeah. I can't comment on that specific project, but I'd be happy to, you know, discuss it with you offline once I can get the information.

Mr. Barnes: Okay. Thank you very much. I would appreciate that.

I want to talk about P3 contracts for a sec. Ontario came out a short time ago suggesting that it was, I think, \$9 billion extra that they'd spent on these P3s over time. Of course, P3s: you know, it's not only that they're going into the new projects. We have to maintain them, whether it's for the 30 years of the life and the condition we get at the end. I'm wondering what the Department of Transportation has got for analysis and for costs on our ring roads and our P3s going forward. Do we have a good handle on what kind of shape we're going to get these roads back in and what it's costing us now?

Mr. Day: We do have, you know, accurate costs for the construction and the development of the P3s. Transportation has completed a number of segments of the Edmonton and Calgary ring roads using P3 delivery. Those projects that have been done to date have all been reviewed by the office of the Auditor General.

What we don't have yet, you know, in terms of the 30-year maintenance agreement is a lot of data to tell us whether those projects will indeed be more or less expensive in the long run, and we will only get that over time.

Mr. Barnes: Okay. Would that come through your department, or would it come through Treasury and Finance? Even the costs now: would that be something you would be privy to?

Mr. Day: Yeah. The costs of the ring roads, you know, the capital costs we have: we can provide those to you for each of the legs.

The analysis, you know, going forward on the 30-year contracts: we'll be working closely with Treasury Board and Finance, with our colleagues at Infrastructure to review those over time.

Mr. Barnes: Okay. Thank you.

On page 60 of the 2015-16 annual report I believe you have 97 claims made against Alberta Transportation, a possible \$5.6 billion in claimants. That's an average of \$58 million per claim. What do we have for risk management? What do we have for looking at these? Of course, two other colleagues have talked about how important safety is, and you mentioned the same thing, and I greatly appreciate that, but where does the legal liability, where does the risk mitigation fit into this, please?

Mr. Day: Can you clarify? You said you're on page 60 of the annual report . . .

Mr. Barnes: Yes.

Mr. Day: . . . talking about claims?

Mr. Barnes: Yeah. My information: I have 97 claims against Alberta Transportation in excess of \$5.6 billion in total potential liabilities.

Mr. Day: The amount I'm reading on page 60: \$5.6 million.

Mr. Barnes: Billion.

The Chair: Okay. Thank you, Mr. Day. Can you respond to that in writing?

Mr. Day: Yes, we can.

The Chair: I'd also like to mention that when Mr. Barnes asked a question about highway 61, you were asked a question on the record, and you said that you would take it offline. I don't think that's appropriate when it was a question asked before the committee. Can you respond to that in writing to the committee, please?

Mr. Day: Yes, we will. Absolutely.

3:45

The Chair: Thank you.

Ms Miller.

Ms Miller: Thank you, Mr. Chair. Thank you to the ministry. On page 26 of the annual report it says, "Reliable access to quality drinking water and wastewater treatment . . . is crucial in building strong, healthy communities and rural economies." How is Alberta Transportation's work with partners, including the federal government, in 2015-16 improving access of indigenous communities to reliable clean and safe drinking water?

Mr. Day: Okay. Thanks for the question. We've got two water programs. One is water for life. The other is the Alberta municipal water/waste-water fund. What we're looking at when we're working closely with our colleagues at Indigenous Relations and with the federal government to determine where we can extend existing waterlines to serve indigenous communities: where new lines are being contemplated, can we extend, you know, what we call the final mile to the First Nation indigenous community's boundary? We're actively looking at those opportunities.

Ms Miller: Can you discuss how much funding was available for the water for life grant program in 2015-2016?

Mr. Day: In 2015-16 there was \$30 million budgeted. If you look at our financial statements, we actually paid out \$36.3 million to 27 communities or water commissions, and we pay these contracts or these grant agreements on progress. In this case we overspent a little bit in '15-16, and that was offset by an underspend in another area.

Ms Miller: Okay. Thank you.

On page 88 of the annual report it shows a list of federal grants, including the Canada strategic infrastructure fund, the provincial base fund, the building Canada fund, the infrastructure stimulus fund, and the Asia-Pacific gateway and corridor transportation infrastructure fund. What are these funds for, and what impact have they added in Alberta?

Mr. Day: Thank you. That's a lot of funds. The Canada strategic infrastructure fund contributed to the twinning of highway 63. It was specifically targeted to a hundred kilometres of twinning of that highway. The provincial base fund contributed to the provincial highway rehabilitation projects or our major maintenance projects from 2009 to 2014. The building Canada fund major infrastructure component contributed to six major construction projects. Four of those were interchange projects along Anthony Henday Drive, and two projects were on highway 63. The infrastructure stimulus fund contributed to about 127 various construction projects around the province such as interchange upgrades, road and bridge rehabilitation, and adding new passing lanes on some of the highways. The Asia-Pacific gateway and corridor transportation infrastructure fund contributed to a highway 2 and 41st Avenue interchange just south of Edmonton.

Ms Miller: Thank you.

Can you provide details about the funding for the strategic transportation infrastructure program, the STIP, in 2015-16, listed on page 100, line 7.2 of the annual report?

Mr. Day: Okay. The STIP fund is intended primarily for smaller rural communities. Funding for STIP in 2015-16 was primarily to address projects that were committed to and under construction the previous year. To finish those projects off, \$18.7 million was budgeted, and we spent only \$5.4 million. Again, funding is allocated or spent based on project progress.

Ms Miller: Okay. From page 22 of the annual report can you provide an update on how you continue to improve permitting for oversized commercial vehicles?

Mr. Day: Okay. Thank you. We have a system called TRAVIS, which is the transportation routing and vehicle information system. We expanded that to be called the TRAVIS MJ, which means TRAVIS multijurisdictional. What that allows the carriers to do is access one permit one time to run not only on provincial highways but within and around municipalities. We charge a permit fee for heavy loads, and the program also allows that permit fee to be prorated between the province and the different municipalities, depending on kilometres travelled within each jurisdiction.

Ms Miller: Thank you.

The Chair: Thank you, Ms Miller.

Our last rotation will be a three-minute rotation for each of the parties.

Mr. Gotfried: Sorry, Mr. Chair. Is there no rotation?

The Chair: Am I skipping the third party?

Mr. Gotfried: Yes, you are.

The Chair: I will tell you that I am very sorry for that.

Mr. Gotfried: No worries. Just thought I would remind you.

The Chair: Thank you.

Mr. Gotfried: Thank you, Mr. Chair.

I'm going to shift gears here and put some wings under the discussion a little bit. I understand that air transportation is also under the purview of your ministry. I'd be interested in what strategy, if any, you have to protect our air passenger services network, which we're very blessed to have in this province and which may be at risk during an economic downturn, to ensure that we do not lose any existing services, noting that it's often the case that if you lose them or don't engage in supportive dialogue to try and retain them, you may never get them back.

Mr. Day: Thanks for the question. I will admit I don't have a detailed knowledge of our department's role in air transport other than that we work with, you know, some of the smaller local and regional airports. I'm not sure – and I apologize for that – and I'll follow up in writing in terms of what our role might be in what you've described, Mr. Gotfried.

Mr. Gotfried: Okay. I'm going to ask another question which may, then, also precipitate a follow-up in writing. I spent 20 years in the airline industry, so I have a reasonable understanding of this file. I'm going to ask you about air cargo. We're blessed to have, obviously, in addition to Air Canada and WestJet providing belly service, such air cargo service providers as Cargolux, Air China, Cathay Pacific, and others. What is being done within your department to monitor the status of their services here, any that may be at risk, and what may we be doing in terms of addressing the economic downturn and risk to services that may exist there as well?

Mr. Day: Again, we'll follow up with some detail in writing, but what we are looking at are transportation hubs in terms of the distribution of that cargo as it comes in either by air, rail, or whatever. Again, we're working closely with Economic Development and Trade to make sure that we've got the infrastructure in place that allows dispersal or distribution of those goods as they come in, whether it's by air, rail, or by truck.

Mr. Gotfried: Okay. Maybe I'll throw in a third question, which may relate to this if you're doing some research at the same time. Obviously, with the air cargo side of things and also the logistics business that can often be spurred by that, we run into the multimodal transportation issues: rail, trucking, and air services. As you noted, there's obviously some crossover into the economic development side of things, with Economic Development and Trade, but I'd be very interested also in what your ministry, the Ministry of Transportation, is doing in concert with other ministries to ensure that not only are we supporting that infrastructure but also protecting it and about the risk that may come from an economic downturn in terms of operators we may have attracted during busier and more robust times in the economy. What are we doing to protect that infrastructure going forward?

3:55

Mr. Day: A good question. We are working with colleagues. We're also working with industry around not only transportation hubs, but we've got a number of studies going on the high-load/heavy-load corridors to make sure, you know, that we're making the right investments in that infrastructure, again taking a multimodal view or approach. This was also part of the analysis that we're doing for the longer term transportation strategy to make sure that those, the part of the network that needs to be protected to allow for that economic distribution of goods and cargo and people, are protected.

Mr. Gotfried: Okay. Maybe just as a final question, somewhat around that as well, the logistics industry is one that's become much more significant in our province. Does your department engage with that sector through organizations like Calgary Economic Development and Edmonton Economic Development to ensure that that logistics sector is well serviced and addressed in terms of access to roadways and things like that, that are often barriers to their success and their viability?

Mr. Day: Yes. We are plugged in with industry, primarily through the Alberta Motor Transport Association, which represents the trucking industry.

Mr. Gotfried: Okay. That's very good. I expect some good research and responses on that if possible.

In terms of some of the long-term planning, you know, we've been looking, obviously, at the Calgary ring road. I know you mentioned that earlier. Can you tell me: has the general contractor been selected for that project, and when will the contracts, particularly for upstream work such as excavating and earthmoving, be moved forward on that project specifically?

Mr. Day: That contract has been signed and is in place. It was signed last September. We had an agreement with the contractor to do some early work ahead of the main contract being signed. If they're not working, they will be very, very soon. They're, for sure, mobilizing on-site.

Mr. Gotfried: I made some references in the earlier presentation with Infrastructure that I had a chance to meet with Keystone Excavating, who is shutting down operations. One of things that they cited was the delays in some of the larger infrastructure projects. Obviously, some fall under the purview of Transportation as well, and the ring road was one of them, where they have been on the sidelines waiting for projects like that and then some larger projects like the cancer centre and whatnot. So that's of concern, I think, for us as Albertans and certainly for those businesses that are looking for economic activity around those.

Thank you.

The Chair: Thank you, Mr. Gotfried.

Now we will endeavour to start the last rotation. The last rotation will be three minutes for each of the parties. I would like to note that at the end of this meeting there are going to be one to two minutes that will be designated for outstanding questions to be read into the record for written answers.

Mr. Panda.

Mr. Panda: Thank you, Mr. Chair. I was in Ottawa this past week, and I noted that they have a bus-only transitway, and the maximum speed is 80 kilometres per hour, and I noted that passengers were standing in those buses. In Alberta we don't have those kinds of transitways, but our speed is 100 to 110 for the buses from Airdrie to Calgary, Calgary to Airdrie. Do we allow standing passengers? If so, is there any safety hazard when the buses run at that high speed of 100 to 110 kilometres? Was there any risk assessment done?

Mr. Day: An excellent question. I'll ask Wendy Doyle to respond.

Mr. Panda: Yeah. Please be brief. I'm racing here because I only have three minutes.

Ms Doyle: I'll be very brief. Standees are allowed by permit. So for any transit-style bus to be used on a highway at highway speeds,

they must obtain a permit from the department, and they have to meet some safety criteria to allow for that.

Mr. Panda: Thank you.

I know that some of these overweight buses cause damage to the roads, provincial highways. Can you comment if the buses run by the cities of Edmonton and Calgary are overweight and if you are allowing them to run on highway 2 or other highways? Are there any plans to mitigate that risk, and are the cities paying any kind of extra cost for mitigating that risk? Are the cities trying to contract out for proper weight compliant motorcoaches? Any comments on that?

Mr. Day: I don't know exactly if buses would be overweight compared to, say, a transport truck, you know, that's hauling cargo and what the specific additional damage might be, but intuitively I can't see a bus causing more damage to a roadway than a fully loaded cargo semitrailer unit.

Mr. Panda: Okay. Thank you. I asked because in cities, you know, they have these hard concrete pads at the bus stops, so I thought that maybe for that reason they had them.

Anyway, my other question is: in 2012 Tim Grant, the deputy minister back then, said . . .

The Chair: Thank you, Mr. Panda. You can submit that as a question for a written . . .

Mr. Panda: Thank you, Chair.

The Chair: Mr. Malkinson, do you have some questions for three minutes?

Mr. Malkinson: I sure do, Mr. Chair.

The Chair: All right.

Mr. Malkinson: On page 28 of the annual report it mentions the traffic safety plan. I was hoping that the ministry could let us know what the department is doing to improve transportation safety here in Alberta, specifically including implementing that traffic safety plan.

Mr. Day: Okay. Thank you, Mr. Malkinson. In 2015 the department continued to deliver the traffic safety plan of 2015, which was, really, a comprehensive strategy designed to reduce collisions on our roadways. The key strategy is to encompass safety, improving road infrastructure, obviously; promoting safer vehicles and vehicle safety equipment; implementing an effective speed-management program; deterring, apprehending, and convicting impaired drivers; increasing the use of seat belts and child safety seats for vehicle occupants; and implementing enhancements to electronic data capture and the modernization of our IT system: a three-pronged approach through education, awareness, and enforcement.

Mr. Malkinson: Perfect. Thank you.

One more question here. The report also noted that "the Alberta Traffic Safety Fund was instrumental in enhancing community capacity by supporting stakeholder involvement in awareness, training and community engagement . . . across Alberta," as per page 28. Forty-seven grant applications were approved by ATSF. Can you speak to the kinds of projects that are improved through the traffic safety fund? And, after that, if you could perhaps just quickly comment on what Alberta Transportation's long-term plan is for the high-load corridor network. I think that should probably use up all my time.

Mr. Day: Okay. We look at projects, you know, for alignment with our traffic safety plan, the need in the community for the project, the effectiveness of the strategy and implementation plan, whether the project is sustainable, whether it can be done by others and not by us, whether there's community support, and whether there's demonstrated value for the projects. I've got a long list of grants, that I will not read through unless you want me to, that were allocated in 2015 under that program.

4:05

Mr. Malkinson: That's good. Thanks.

The Chair: Thank you, Mr. Malkinson. That is your time.
Mr. Gotfried, if you're ready.

Mr. Gotfried: Thank you, Mr. Chair. Just to maybe change some gears again, how is your ministry accounting for potential technological changes – you mentioned Uber and other ride-share services; I could throw high-speed rail into the mix of the conversation – that are occurring now or maybe just envisioning pilot or test phases such as driverless vehicles when planning for long-term projects, rehabilitation of roadways, or perhaps acquiring of land required for technology-driven or blue-sky projects? Is that in your purview as well or in your sights?

Mr. Day: Thanks. A good question. Absolutely, we are looking at, you know, all of those items. Again, that's one of the reasons that we're taking a step back on our overall transportation strategy. We're engaged on the automated and connected vehicles front with a project called ACTIVE-AURORA, which is a partnership between the U of A, I believe, and the city of Edmonton. There's going to be some testing of autonomous vehicles on a University of Alberta site this coming year. We are engaged and involved in emerging technologies.

Mr. Gotfried: You can test it on some MLAs between Calgary and Edmonton, perhaps, in the future.

Mr. Day: I'm not sure we're ready for that.

Mr. Gotfried: Another question: how does the ministry balance some of the priorities and outcomes the province would like to see in transportation with potentially differing outcomes sought by the municipalities, specifically Edmonton and Calgary? Obviously, there's not always a complete alignment on opinions of what's the highest priority, so how are you addressing those opportunities for investment and collaboration?

Mr. Day: We do work closely with not just Edmonton and Calgary but all of the municipalities as well as the Capital Region Board in Edmonton and the broader region around Calgary. We participate in planning studies, you know, with the regions and with the municipalities to determine the infrastructure that's needed. We talked earlier about the transportation hubs and multimodal, but it's broader than that in terms of movement of goods and services in, through, and around the major cities.

Mr. Gotfried: All right.

That's fine, Chair. I'm sure my beeper is just about ready to go here now, in any case.

The Chair: You can read a question into the record if you'd like.

Mr. Gotfried: I'm fine. Thank you.

The Chair: Fair enough. Okay.

I'm going to give an opportunity to all of the members to read questions into the record for written responses. I have interest from Mr. Panda.

Mr. Panda: Thank you. In 2012 Deputy Minister Tim Grant indicated that Alberta Transportation statistically needed to rebuild 1,350 kilometres of road each year but was only able to do 1,200 kilometres. What do you statistically have to repave now, and what are you actually accomplishing, and what is the dollar amount to bridge that delta?

My other question is . . .

The Chair: Just a second, Mr. Panda.

Was there anybody else that has questions? Mr. Gotfried, if you could read your question into the record.

Mr. Gotfried: Yes. I'd just like to ask the department if they can disclose to us in the future any of the information that they've received around the economic impact or perhaps the barriers to future economic activity around the Deerfoot-212th Avenue interchange in Calgary.

Thank you.

The Chair: Thank you, Mr. Gotfried.

Was there anybody on the phones that has questions for the record?

Hearing none, Mr. Panda.

Mr. Panda: Page 9 of the annual report also states that a key responsibility is to "lead the planning, construction, operation and preservation of our provincial highway network to connect Alberta's communities, and to support a sustainable and diversified economy and social growth for the province." In 2005 Premier Klein promised Premier Calvert of Saskatchewan as a provincial centennial gift to build an Alberta road connecting Fort McMurray to La Loche. Saskatchewan has their side of the road built to the border, but, 12 years on, nothing from Alberta. We made a promise to Saskatchewan. Why is this interprovincial highway not a priority?

The Chair: Okay. Thank you, Mr. Panda, and thank you to all the members.

I would like to thank the officials from the Ministry of Transportation for attending today and responding to the committee members' questions. I would ask that any outstanding questions be responded to in writing within 30 days and forwarded to the committee clerk. Thank you very much. If you would like to leave, we can start with agenda item 8.

All right. I'll start the discussion on committee input to three-year performance audit program of work. It was the consensus of the committee at its January 24 meeting that this item would be dealt with by the committee as a whole possibly during an in camera meeting, and today the committee is considering the options for its input. Members should have a copy of the OAG briefing note.

I would like to turn it over to Ms Gibson from the OAG to address this item of business.

Ms Gibson: Thank you, Chair. Well, you've given the perfect introduction. Basically, we'd like to offer the committee an opportunity to give us their insight as we refresh our three-year program of work for the performance audit line of business. There are two options before you, either an in camera session or a survey.

The Chair: Thank you, Ms Gibson.

Were there any questions for Ms Gibson or for myself?

Ms Renaud: I'm just wondering which you would prefer and why.

Ms Gibson: My preference would be just a short facilitated session, a couple of hours. We would provide you with some prereading material, and it's just a general discussion.

The Chair: Okay.
Mr. Gotfried.

Mr. Gotfried: Thank you, Mr. Chair. Thank you, Mary and team, for that. I think we did have a short session before, where we did an in camera discussion over lunch one time just to discuss where we were at in terms of progress. I think it would be very useful and very helpful for us to ensure that we're on track, not only on some of the topics that we're handling but also in terms of the direction and processes that we're following.

So thank you for that suggestion, and I would encourage us to proceed with that.

The Chair: The Auditor General.

Mr. Saher: Thank you, Mr. Chairman. With respect, Mr. Gotfried, I agree with you that we should continue to do what we did the last time, which is really a facilitated self-assessment of the committee's progress in meeting its goals in becoming the most effective Public Accounts Committee in Canada if I can put it that way. This is slightly different in that we are requesting your input to our three-year program of work.

Mr. Gotfried: A little more formalized, then.

Mr. Saher: Yeah. If you were suggesting that – the way that session was handled was that it was interactive, it was facilitated, we got to the end with a result. I think Mary and I are recommending to you that we'd prefer to do it that way than just ask you to complete a survey because we know from that sort of work that we'd have to come back and ask: "What exactly did you mean? Did you mean the same as, you know, a fellow member? You've used different words." If we can engage with you, I think we would get to the end of that session – and I'm not sure how long it should be – with a real understanding of what's in your minds and the ability to make those decisions as to whether or not we can include your ideas into our program of work.

4:15

Mr. Gotfried: Mr. Chair, if I could, maybe I'm thinking of a hybrid of what we did before. The lunch one we had was a little too informal perhaps, so maybe if we can do something that has a bit more formality to it but achieves the results that you're looking for, I think that would be very, very effective for us.

The Chair: Okay. Thank you, Mr. Gotfried.

I did contact the Auditor General's office through our clerk. One of the questions that I had was: if we do a survey, is it going to be something that we're going to be able to do in three minutes? It's probably going to be a lengthy amount of time no matter what way we look at doing this. So I would recommend as the chair that we consider the advice of the Auditor General's office in saying that an in camera session be done. I would ask that somebody make the motion moving an in camera session. Mr. Dach.

Mrs. Sawchuk: Do you want me to read the motion into the record, Mr. Chair?

The Chair: If you would, please.

Mrs. Sawchuk: Sure. The motion by Mr. Dach would be that the Standing Committee on Public Accounts schedule an in camera session with the office of the Auditor General for the purpose of participating in the Auditor General's three-year performance audit program of work.

The Chair: Does that meet your expectations?

Mr. Dach: It meets the expectation, yeah.

The Chair: Okay. Thank you, Mr. Dach.

Is there any discussion on this motion? Okay. All in favour? On the phones? Any opposed? Thank you. This motion is carried.

All right. As another matter under other business, I would like to remind members that any requests for additional research should be discussed with their caucus colleagues on the committee and submitted to the committee clerk for consideration by the working group. To give research services time to complete additional research, please provide requests for meetings starting March 21 and for the balance of the approved spring schedule.

Are there any other items for discussion under other business? Are there any other items for discussion under other business on the phones?

Hearing none, the committee meets next on Tuesday, March 7, 2017, to hear from the Ministry of Executive Council, including the Public Affairs Bureau. The meeting is scheduled from 8:30 a.m. to 10 a.m., and a premeeting briefing is at 8 a.m. sharp.

I would call for a motion to adjourn. Would any member move that we adjourn.

Mr. Panda: Yes.

The Chair: Mr. Panda. All in favour? On the phones? Any who object? Carried.

Thank you very much.

[The committee adjourned at 4:18 p.m.]

