Legislative Assembly of Alberta

The 31st Legislature
First Session

Standing Committee
on
Public Accounts

Treasury Board and Finance

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Standing Committee on Public Accounts

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Rowswell, Garth, Vermilion-Lloydminster-Wainwright (UC), Deputy Chair

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Standing Committee on Public Accounts

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8 a.m. **Tuesday, May 7, 2024**

[Mr. Sabir in the chair]

The Chair: Good morning, everyone. I would like to call this meeting of the Public Accounts Committee to order and welcome everyone in attendance.

My name is Irfan Sabir, MLA for Calgary-Bhullar-McCall and chair of this committee. As we begin this morning, I would like to invite members, guests, and LAO staff at the table to introduce themselves. We'll start with Garth.

Mr. Rowswell: Garth Rowswell, MLA for Vermilion-Lloydminster-Wainwright.

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

Ms Armstrong-Homeniuk: Jackie Armstrong-Homeniuk, MLA, Fort Saskatchewan-Vegreville. Good morning, everybody.

Mr. McDougall: Good morning. Myles McDougall, Calgary-Fish Creek.

Ms de Jonge: Chantelle de Jonge, Chestermere-Strathmore.

Mr. LeBane: Paul LeBane, assistant deputy minister for economics and fiscal policy with the Department of Treasury Board and Finance.

Ms Hogemann: Dana Hogemann, acting senior ADM with Treasury Board Secretariat, Treasury Board and Finance.

Ms White: Kate White, deputy minister, Treasury Board and Finance.

Mr. Johnson: Craig Johnson, acting senior financial officer and ADM for Treasury Board and Finance.

Mr. Merriman: Chris Merriman, ADM, financial sector regulation and policy, Treasury Board and Finance.

Mr. Robe-From: Nelson Robe-From, principal with the office of the Auditor General.

Mr. Ireland: Brad Ireland, Assistant Auditor General.

Mr. Haji: Sharif Haji, MLA for Edmonton-Decore.

Mr. Schmidt: Marlin Schmidt, Edmonton-Gold Bar.

Ms Renaud: Marie Renaud, St. Albert.

Ms Robert: Good morning. Nancy Robert, clerk of *Journals* and committees.

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

Ms Lovely: I'm MLA Jackie Lovely from the Camrose constituency.

The Chair: Thank you.

I think we don't have anyone joining us online. I would note for the record the following substitution: Member Wiebe for Member Lunty.

A few housekeeping items before we turn to the business at hand. Please note that microphones are operated by *Hansard* staff. Committee proceedings are live streamed on the Internet and broadcast on Alberta Assembly TV. The audio- and videostream and transcripts of meetings can be accessed via the Legislative Assembly website. Please set your cellphones and other devices to silent for the duration of the meeting, and comments should flow through the chair at all times.

Moving on to the next item, approval of the agenda, hon. members, are there any changes or additions to the agenda?

Seeing none, can a member move that the Standing Committee on Public Accounts approve the proposed agenda as distributed for its Tuesday, May 7, 2024, meeting? MLA Rowswell. Any discussion on the motion? All in favour? Any opposed? Thank you. The motion is carried.

Approval of the minutes. We have minutes from the Tuesday, April 23, 2024, meeting of the committee. Do members have any errors or omissions to note?

Seeing none, can a member move that the Standing Committee on Public Accounts approve the minutes as distributed of its meeting held on Tuesday, April 23, 2024? Member Schmidt. Any discussion on the motion?

Seeing none, all in favour? Any opposed? Thank you. The motion is carried.

Now I would like to welcome our guests from the Ministry of Treasury Board and Finance, who are here to address the ministry's annual report 2022-23 and the Auditor General's outstanding recommendations. I invite officials from the ministry to provide opening remarks not exceeding 10 minutes.

Ms White: Thank you very much, and good morning. I appreciate this opportunity to discuss the Treasury Board and Finance 2022-23 annual report and the ministry's outstanding recommendations from the office of the Auditor General. Today we have representatives from the Public Service Commission, or PSC; communications and public engagement, or CPE; Alberta Investment Management Corporation, or AIMCo; Alberta Treasury Branches, ATB; Alberta Gaming, Liquor and Cannabis, AGLC; as well as department officials. I and they will be able to answer questions following my overview of key financials.

To begin, I'll provide an overview of the key financials in the annual report. I'll then provide an update of the two outstanding recommendations from the Auditor General's December 2023 report. I'll conclude with an update on PSC's work and CPE's efforts to ensure Albertans always remain informed about government supports and services.

TBF is responsible for the government's budget, planning, and reporting, fiscal management, administration of tax and revenue programs along with policy and regulatory oversight for various sectors such as financial, securities, insurance, tax, and pensions, among others. TBF plays a critical role to enable other ministries to deliver services and uphold commitments to Albertans.

As you know, Alberta had a strong year fiscally and economically in 2022-23. We balanced the budget for the second consecutive year, and the government recorded an $11.6 billion surplus, $11.1 billion more than we initially estimated in Budget 2022 and $7.7 billion more than in fiscal year 2021-22. We saw strong corporate income tax revenue, which off-set lower than anticipated revenue from other streams such as investment income, transfers from the government of Canada, and other taxes.

Our surplus was higher than estimated, which is a reflection and a reminder of the volatility we continue to experience in our revenue streams. It also highlighted the need for responsible fiscal planning and for an updated legislated fiscal framework. We took action by introducing the framework to mandate balanced budgets, limit increases in annual operating expenses, and establish rules for surplus spending within the Alberta fund. Along with responsible fiscal planning, we are reducing unnecessary government oversight and focusing on outcomes to improve access to services.

TBF has continued to dedicate our efforts to ensuring Alberta's strong fiscal performance. In fact, ministry revenue at year-end was $30.7 billion, which was about $1.1 billion higher than our budget estimate before interministry adjustments. Corporate income tax revenue accounted for the largest increase, reaching $8.2 billion, the highest revenue collected in a single fiscal year, $4 billion more than estimated in Budget 2022. This increase was mostly due to higher cash collections and lower than expected refunds. Personal income tax was our largest source of revenue at $13.9 billion, up $543 million from budget due to population growth and higher household incomes.

The true impact of this strong performance was off-set by the government's reintroduction of personal income tax indexation, which helped ensure Albertans kept more money in their pocket. In addition, other tax revenue was $1.3 billion lower than estimated due in part to the fuel tax relief program, an initiative brought in to help Albertans deal with inflationary pressures. Tobacco tax revenue was $132 million lower due to a decrease in consumption, which was partly off-set by a $15 million increase in cannabis tax revenue compared to budget estimates.

Meanwhile investment income was $1.9 billion lower than our Budget '22 estimate. This reflected expectations of higher returns after a strong performance in the 2021-22 fiscal year. However, the financial markets couldn't continue their strong rebound from the pandemic and performed poorly in the latter part of the year. Ongoing global economic uncertainty at the time, high inflation, and higher interest rates contributed to this performance.

On the expense side total ministry expense was around $5 billion for the year before interministry transactions are eliminated. That was $1.1 billion less than estimated in Budget 2022. Most of this decrease is because the ministry does not incur any expenses outlined in the contingency and disaster and emergency assistance budget, but we do appropriate for it. The cost of $1.8 billion is instead incurred and reported by the ministries involved in the emergency response. Expenses increased in some areas, including debt-servicing costs, which saw an additional $242 million due to higher interest rates.

Ultimately, ministry spending came in about 15 per cent more than budgeted when removing contingency estimates. When it came to spending, voted expenses were below budget, with the increase in total expenses attributed to nonvoted expenses such as debt-servicing costs and pension obligation changes.

Ending the financial highlights on a positive note, the heritage fund fair value increased over $2.5 billion, including a $753 million government cash transfer and the $1.25 billion retention of the 2021-22 income. That was the first year we did that.

I will now move to the Auditor General recommendations. While we received no new recommendations in 2023, we did have five previous recommendations we implemented prior to the fiscal year-end and that the Auditor General is following up on. We continue to make progress to address two outstanding recommendations, including for PSC to improve the member recruitment and selection process for public agencies, boards, and commissions and for the department to periodically analyze payment data to identify noncompliance with policies and seek opportunities for improvement.

8:10

To address the first recommendation, the public agency database was upgraded in January 2022 as the main information system that tracks and monitors all public agencies and their appointments. Systems used to track competitions and appointments have been merged so we can monitor board vacancies and compositions more effectively. Management deemed the upgrade satisfactory in fulfilling the outstanding recommendation. I'm happy to report that the PSC provided notice in April 2024 to the Auditor General that a formal follow-up can now begin.

Similarly, we continue to make good progress on addressing the final outstanding recommendation. We're using new technology and 1GX to develop a government-wide payment policy system to standardize payment processes. This system will enable TBF to review the payment types used by government departments annually and will ensure the payment policy remains effective and is followed as expected. We expect to roll out the policy before the end of the 2024 calendar year.

We appreciate and value the work of the Auditor General and look forward to further feedback on implementation of the recommendations.

I will now give an overview of the work of the PSC and CPE. PSC operates as the government of Alberta's full-service human resource department. This department provides advice to support the attraction and retention of qualified employees to serve Albertans. In 2022-23 PSC advanced government priorities by delivering client-focused and timely services, reducing hiring time by almost 7 per cent. The department completed significant work around talent and succession management to improve how government serves Albertans efficiently and effectively. Most notably, PSC participated in the transition and reorganization of government in October 2022, a first since implementing 1GX. PSC also continued its comprehensive review of HR directives to deliver clear and effective policies and meet the needs of the Alberta public service's HR system.

TBF also includes communications and public engagement, CPE. CPE provides communications, public relations, and marketing services to government ministries and the government of Alberta as a whole. In 2022-23 that included ensuring Albertans were informed of new legislation, regulatory amendments, and programs and services. CPE supported Alberta's affordability initiatives, ensuring Albertans were aware of available supports like the fuel tax relief program, electricity and natural gas rebates, affordability payments, and more. CPE also played a key role in communicating other key government initiatives such as Alberta's recovery plan, Budget 2023, and supports for Ukrainian evacuees. All in all, 2022-23 was a remarkable year for TBF on many different fronts.

I want to take a moment to thank the many dedicated professionals that work within the department and our associated agencies. It's been a privilege to serve as the deputy minister of this department and work with my colleagues. Our strength throughout the year and beyond is a true testament to the amazing, high-quality work from our ministry.

Thank you. I'm happy to answer your questions along with my colleagues here today.

The Chair: Thank you.

I will now turn it over to the Assistant Auditor General for his comments. Mr. Ireland, you have five minutes.

Mr. Ireland: Good morning, committee members and those officials here from the Department of Treasury Board and Finance. I am pleased to be here today to provide you with an overview of the work of the office, specifically as it relates to the status of our follow-up work with the department. I'd like to begin with our financial statement audit work for fiscal '22-23. We audited the financial transactions of the department as well as the financial statements of the Alberta Gaming, Liquor and Cannabis commission, ATB Financial, AIMCo, the government endowment funds, regulated funds, pension plans, and other entities in the ministry.

As of May 2024 there are a total of seven outstanding recommendations, with only one not ready for our assessment of implementation. The oldest recommendation made to the department in 2014 and repeated again in 2019 is from our reporting performance results to Albertans report. We did this audit to examine the quality of overall results analysis information publicly reported to Albertans through ministry annual reports. We found ministry management provided limited information on results in annual reports. Our recommendation focuses on the need for the department to improve guidance and training for ministry management to identify, analyze, and report on results in ministry annual reports and improve processes to monitor ministry compliance with results analysis reporting standards.

Ministry annual reports are key documents that provide an opportunity for government to demonstrate accountability to Albertans. MLAs, public servants, and Albertans all need sufficient, appropriate results analysis to assess and determine whether ministry programs are meeting outcomes, achieving targets, and providing good value for dollars invested.

The department has informed us the recommendation is ready for assessment but that the scope is limited to only guidance and training improvements. The department will not implement a compliance process as it has concluded it does not have the authority to deal with ministries not fully complying with the government's annual reporting standards.

In 2016 the office made five recommendations related to the economic efficiency of cash management in the government of Alberta. Four of these recommendations are ready for assessment, and one recommendation, to improve policies for payments, remains outstanding. We did this audit because effective cash management ensures cash is available when needed without unnecessary cost to government. Cash management for the government of Alberta is especially important given that the government has cash balances, inflows and outflows, in the billions of dollars.

Lastly, in 2019 we made recommendations related to public agency board member recruitment and selection. We assessed three of these recommendations as implemented in December 2023, and we will complete our assessment of implementation on improving information systems to monitor processes later this year.

That concludes my opening comments. Thank you, Chair.

The Chair: Thank you.

We will now proceed to questions from committee members, and we will begin with the Official Opposition. You have 15 minutes.

Mr. Haji: Thank you, Mr. Chair, and thanks to the department's executive leadership for the preparation for this meeting. I just wanted to start with: if you could be precise in response to my questions so that I capitalize on the time allotted to me. If there are further explanations that you have to give, if you can submit that in writing, that would be appreciated.

The annual report notes that Treasury Board and Finance "analyzes and advises government on Alberta's participation in the Canada Pension Plan" – and this is on page 36 of the annual report – "and on a possible Alberta Pension Plan." Has the ministry done analysis on what Alberta may be entitled to in terms of base CPP assets?

Ms White: I think that I'll respond by saying that the analysis that was done in 2022-23 was the initial analysis conducted by LifeWorks. There are expenditures in our notes that indicate we were contracting with LifeWorks at the time. We did not by the end of '22-23 have a completed report, but there were certainly expenditures on that line in that year.

Mr. Haji: Thank you.

LifeWorks was to produce a report on a hypothetical Alberta pension plan. That report noted that Alberta's demographics will change over time such that we will have an older population compared to what we have currently and that that will erode some of the perceived benefits we have now. In the 2022-2023 fiscal year report did the ministry do similar demographics projections, and will you share that information with the committee?

Ms White: Absolutely, the ministry does long-term demographic projections. They are available publicly on the website every year, and we'd be happy to share that information.

Mr. Haji: What I mean is the interpretation of a hypothetical Alberta pension plan and what those demographics would look like.

Ms White: Okay. No, we have not taken the latest demographic information and applied it to the LifeWorks report. The LifeWorks report is an incredibly complex actuarial calculation. While we have excellent professionals in the department, we don't have a team of actuaries on staff. We do have excellent demographers, though, and spend a lot of time and effort in projecting and estimating Alberta's population.

8:20

Mr. Haji: Thank you very much.

Again, a hypothetical Alberta pension plan would presumably require more department staff. During the reporting period did the department do an analysis that includes how many full-time equivalents will potentially be required to manage a hypothetical Alberta pension plan as part of your analysis?

Ms White: Again, we did not have the completed LifeWorks report at the end of '22-23. We did, however, ask LifeWorks to include – and you will note from the public report that there was a wide range of potential staffing and operational costs, depending on the choices that were made around the pension plan. But I can confirm that the department did no additional analysis on what an FTE count would be for a hypothetical Alberta pension plan under all those additional scenarios.

Mr. Haji: The FTEs are basically a component of the overall cost of operationalizing a hypothetical Alberta pension plan. Was there an analysis done on the other components of operational costs?

Ms White: Again, the department was working with LifeWorks, which at the time was developing its estimate, but the department did not do an independent estimate.

Mr. Haji: Thank you.

During the estimates debate last year, which is the reporting period of '22-23, the Minister of Finance mentioned that the government of Alberta received a data set with respect to an Alberta pension plan and that the department was working on it prior to release. Was that data set embedded into the LifeWorks report, to your knowledge?

Ms White: The decision was made to allow LifeWorks to update – the data set that I believe the minister referred to at the time was the updated estimates from the office of the Chief Actuary of Canada on the value of the CPP. The department was working with LifeWorks to get the report updated at the time. I believe that's what the minister was referring to at the time.

Mr. Haji: So the data set that the minister mentioned was incorporated into the LifeWorks report.

Ms White: That is correct.

Mr. Haji: Within the fiscal year time?

Ms White: Well, actually, the minister – you're right – mentioned it in estimates in the 2022-2023 fiscal year, but that work was not completed until the following fiscal year.

Mr. Haji: Okay. Thank you.

What was the level of work between the department and the LifeWorks report? Like, if you can speak to it apart from the analysis that you have done on your part. Was the department closely working with LifeWorks in terms of the production of the report?

Ms White: I guess I would characterize how closely we work with LifeWorks to be similar to any other consultant we would be working with, kind of consistent check-in points, talking about, you know, updated data sets like the new estimates from the Chief Actuary of Canada, but I would say no more closely than with other consultants.

I guess the other thing I would say is that I do want to confirm that the LifeWorks report is independently done. The department did not determine the formula. I think that the initial results of the estimates provided to LifeWorks were quite eye-opening to the department so spurred questions. But, certainly, we did not determine the formula. LifeWorks did that independently.

Mr. Haji: I'm asking because the significance of this work was different than any other consulting work that you'll be doing because of the magnitude of it. That's why I'm asking: what was the level of collaboration between the department and LifeWorks?

Ms White: The Department of Finance, as I outlined in the opening remarks, has a tremendous kind of breadth of responsibility. While the Alberta pension plan report was something, as has been stated previously, that was kind of the next steps from the Fair Deal Panel report, it wasn't any more of a high priority, for example, than the insurance work we were doing or the budget work we were doing or the fiscal planning work we were doing. So, no, I can promise you that the folks who are working on this did not receive additional resources from the department to put in. There was no extra effort kind of applied internally beyond the regular work of the staff.

It was a regular project. Certainly, again, eye-opening results when you first see it, and as you start to understand the asset transfer formula and how the estimates were made, you know, you start to understand where the calculations lie. But, no, there was no additional effort, there were no additional resources put to bear on this because it was any more significant than any of the other files we had like the cannabis policy, liquor markups at the time, red tape reduction, insurance, and that type of thing.

Mr. Haji: How about resources? Was there any level of doing the analysis together or co-creation of the report? What was the level of collaboration on that?

Ms White: There was no co-creation of the report. We received estimates and analysis and sometimes asked questions. I sought additional legal advice. But there was no level of co-creation of the report.

Mr. Haji: So just to confirm, there was no iteration of a draft and then they were working on that and then getting it back from LifeWorks again.

Ms White: There were certainly drafts received – there are drafts received of every consultant's report – but there was no leaning on the results, which is, I think, what you're getting at. There was no questioning or asking to run scenarios that would produce a higher number. None of that occurred.

Mr. Haji: Thank you.

The LifeWorks report estimated that the set-up cost of the Alberta pension plan for noninvestment-related activities could be between $100 million to $1 billion. At the low end, according to the report, the APP would leverage existing CPP providers whereas at the higher end the report's authors assumed that the APP would set up completely new providers, costing $1 billion. During the fiscal year '22-2023 did the ministry include the set-up costs in its analysis, and can you share those estimates with the committee?

Ms White: During 2022-23 we hadn't yet received the final report. We were working with the consultant and had received various, you know, iterations of drafts, as I've mentioned. But, no, we had done no analysis on the set-up costs particularly at that point. Then, as I mentioned earlier, in the subsequent fiscal year we tabled the report as written by the consultants. We did no additional analysis. Again, as the consultants pointed out, the choices that Albertans could potentially make around a pension plan leave that gaping hole that you described of between $100 million and a billion dollars. Until you can hone in on narrowing some of the possible choices, then any additional analysis – you just wouldn't have the right level of detail.

Mr. Haji: Thank you. I appreciate it.

Again, in follow-up to that, the LifeWorks report also notes that the implementation cost – not the set-up but the implementation cost – for setting up the investment management structure of an Alberta pension plan will be between $75 million to . . .

Mr. Rowswell: Point of order, Chair.

The Chair: MLA, go ahead.

Mr. Rowswell: Under 23(b). We seem to be focusing in around the LifeWorks plan, which wasn't out in that year. She's answered the questions many times. She can't answer a question on the relevant time frame because of the time frame that we're working on. I think she's answered all that she can, and it's getting repetitious as well. That would be my concern.

Mr. Schmidt: Well, the member is raising a point of order. He must have incredible powers to read the mind of my colleague here. He didn't even get to ask the question. I don't think there's a point of order here in terms of repetition or 23(b),

> speaks to matters other than
> (i) the question under discussion.

My colleague didn't even get a chance to finish the question, so I request that he have the opportunity to complete his question.

The Chair: Thank you, both.

I think the member, in the last question, was finishing up. I don't know how he was going to tie it with the report under discussion. But in previous questions the member did try to bring that within that annual report period, so what expenses were incurred or what kind of activities. I do not find this as a point of order. As a point of caution I will ask all members to keep their questions tied to the report and the Auditor General's recommendations that we are discussing here today.

8:30

Mr. Haji: Thank you.

Here is the question. Based on page 36 of the annual report, the department did the analysis from CPP to a potential Alberta pension plan. Does the ministry have its own analysis of the cost of setting up investment management of a new APP? If so, what were your estimates costs in your analysis?

Ms White: As I said earlier, the ministry does not have an independent analysis of the set-up costs or the operational costs of a potential APP. Again, that analysis would have been premature in ’22-23 and, again, even today would be premature given the huge gulf of options that are available to Albertans concerning who would administer the plan, who would be the investment management, and so on. Again, that’s why you see such a wide gulf in the LifeWorks report, between $100 million and over a billion.

Mr. Haji: Yeah. I’m asking the question, Mr. Chair, because this is an important file, and the annual report doesn’t provide information about this apart from saying that there was analysis done. My question, again, here is: what aspects of the ministry’s analysis of the Alberta pension plan in 2022-2023 differ from the LifeWorks report? Is it the same?

Ms White: I just want to confirm we did not have the completed LifeWorks report in ’22-23.

Mr. McDougall: Point of order under point 23. The member is asking the same question. I’ve heard it four times already since we discussed getting to the same point about what work the department did in trying to calculate what it was to set up a pension plan. The department has provided an answer more than once on this question. Essentially, it’s 23 and possibly 23(j). I would say that this is getting to be a little bit abusive and insulting, not only to the department but those of us out here that have already heard the question and the answers.

Mr. Schmidt: Well, Mr. Chair, if you find this to be a point of order, apparently boredom of the government members would then be a point of order. Like, I apologize to the member that he doesn’t find these questions interesting, but my colleague has the right to ask them. In fact, the member couldn’t even be bothered to raise a point of order until the deputy minister started answering. You know, it seems like he just woke up and realized that he was at a committee meeting and decided to show the people that he was participating in some way.

Mr. McDougall: Point of order.

The Chair: You cannot raise a point of order on a point of order.

Mr. Schmidt: You can’t raise a point of order while we’re discussing a point of order, Member McDougall.

Ms Lovely: All right. This is going off track.

Ms Armstrong-Homeniuk: That’s disrespectful.

Ms Lovely: Very disrespectful.

The Chair: Can you guys be quiet? You cannot raise a point of order on a point of order.

Mr. Schmidt: Mr. Chair, as I was saying, my friend was simply asking a question that has been found to be within the bounds. The deputy minister was answering the question. There is no point of order here.

The Chair: A couple of things here, I guess. Members, when you are debating points of order, please do keep your comments relevant and respectful.

The second thing. Member McDougall raised a point of order under 23(j), which says, “uses abusive or insulting language of a nature likely to create disorder.” I didn’t find that language in the member’s question.

Mr. McDougall: Forceful repetition.

The Chair: Let me complete.

Mr. McDougall: Okay. It’s not what it says for 23(j).

The Chair: Let me complete.

That’s the section you, Member, relied on, (j). I do not find this a point of order. If you have another point of order, you may do so whenever you feel like.

Please proceed, Deputy.

Ms White: I’m afraid I’m not sure I remember the question. I will confirm this. The government contracted LifeWorks, an independent consultant, to research and analyze the cost, benefits, and structure of a potential Alberta pension plan, APP. Within the 2022-23 fiscal year LifeWorks received approximately $265,000 for their actuarial analysis as they were completing it. The government also engaged additional independent consultants to provide legal and economic analyses of a potential APP. The amount spent on these services was approximately $260,000.

Again, I can confirm we did not receive the full LifeWorks report in the 2022-23 fiscal year, nor did we complete an independent economic or any type of analysis of the potential start-up costs. We relied on the report subsequently.

Mr. Haji: Well, thank you very much.

Was it, again, LifeWorks that did the economic analysis or different companies, if it is within the same kind of reporting period?

Ms White: Within the reporting period LifeWorks and, again, some independent legal analysis was the largest part. In terms of the economic analysis we relied on the actuarial analysis from LifeWorks. Of course, with population projections, to your earlier question, we would always have a look and see if it’s in the realm of our population projections, but there was never an attempt to alter the LifeWorks results in any way.

Mr. Haji: Okay. Thank you very much.

The Chair: Thank you, Member. I think you still have three seconds, but now we will proceed as soon as those three seconds are over to the government.

MLA Rowswell.

Mr. Rowswell: Thank you very much. In your 10-minute report you kind of talked about the area I want to focus on, which was the Auditor General’s reports and how well you’re doing on those. I congratulate you on that. The Auditor General also made a report – deputy, right?

Mr. Ireland: Assistant.

Mr. Rowswell: Assistant. Sorry.

The Assistant Auditor General made the report as well relative to their recommendations. I’m just curious. You’ve got no new ones, so you guys are, you know, doing a pretty tight job there. How do you guys handle the recommendations when they come in? Like, what's your process that you go through to work towards working through them and getting them done?

Ms White: Well, I think that maybe the first thing I can say is that even as draft recommendations are being developed, we work very closely with the Auditor General's office to ensure we understand what's being recommended and why. Then, frankly, the next step of our process is to get to work on, you know, depending on the nature of the recommendations, maybe developing and then implementing policy or maybe being able to implement a solution kind of right off the bat and then working with the Auditor General through implementation to ensure we're on the right track.

If we take our current outstanding recommendation – and I could use that on the status, the one for Treasury Board and Finance on a payment policy. Right now our payment policy, our draft payment policy – we've got a draft that would address the recommendation – is currently being circulated to a few key areas in government, including the 1GX centre of excellence. We've learned that you don't do anything without your ERP system and your ERP folks working hand in glove, particularly on payment systems. We've all learned that lesson well in the last several years as we've done the transition.

Once all the comments have been received, the final policy will be reviewed and approved by the department and the Controller. In this case, the Controller will have that policy underneath him, Dan Stadlwieser, and then the final payment policy will be distributed to all SFO's in government. As I was saying, we'll certainly circulate drafts with the Auditor General to try to ensure that we're not falling short of their recommendation.

Mr. Rowswell: Yeah. That's great. It's good. Keep up the good work.

I think I'll cede my time to Member Wiebe here.

8:40

Mr. Wiebe: Well, thank you.

Thank you, Mr. Chair, and thanks to the ministry for being here. I want to talk a little bit about red tape reduction. If you look on page 27 of the TBF annual report, key objective 1.2 reads:

> Lead government's red tape reduction efforts to remove unnecessary regulatory and administrative burdens on Albertans and businesses, supporting economic recovery by reducing costs for business, eliminating regulatory barriers for job creators, attracting investment and improving service delivery to Albertans.

This page also states that "prior to October 24, 2022, TBF led the government-wide red tape reduction efforts. This responsibility was transferred to Service Alberta and Red Tape Reduction with the [government] reorganization of [all the] ministries." However, "in 2022-23, TBF continued to support government-wide efforts to eliminate or reduce regulatory burdens to reduce costs, remove barriers to investment and job creation, and improve the delivery of government services." Can you highlight some of the main red tape reduction initiatives and how these initiatives directly benefited Albertans in 2022-23? How were these opportunities to reduce red tape identified in that same period?

Ms White: Thank you so much for the question. The majority of Treasury Board and Finance's red tape reduction efforts were done through the financial sector regulation and policy division because, of course, that's where you have the opportunity to reduce red tape, where there are regulations. Amendments were made to the insurance agents and adjusters regulation, or IAAR, and the certificate expiry penalties and fees regulation, or CEPFR. We also have a hard time keeping track of all this. These amendments, among other items, removed regulatory restrictions that prevented general insurance agents from holding more than one level of licence within a class of insurance and allowed the Alberta Insurance Council and Accreditation Committee to set fees associated with the regulation and licensing of insurance professionals. These changes provided greater flexibility, eliminated unnecessary red tape, and aligned Alberta with other jurisdictions, so were well received by the industry.

Amendments were also made to the Credit Union Act and the credit union principle and ministerial regulations. These amendments collectively reduce red tape and administrative burdens on both credit unions and their customers. The amendments included allowing credit unions to do a prescribed amount of business with nonmembers and non-Alberta residents; removed common share redemption limits in cases of amalgamations, which can cause some perverse results sometimes; and provided credit unions with additional flexibility to collect interest on loans on intervals that exceeded three months. It was quite restrictive.

Another thing we did was simplify the application for the cannabis and gaming industry. AGLC was a key part in our red tape reduction efforts. In addition to what I said above, AGLC recognized the need for greater efficiencies in the licensing, registration, and approval requirements for the cannabis and gaming industries. AGLC made significant improvements to the licensing and approval processes, simplifying disclosure forms and streamlining the requirements for financial disclosure, requiring only one year of financial data rather than three. Additionally, the focus of personal disclosures was updated to prioritize essential information, making the process more straightforward and less overwhelming for applicants.

Finally, we had the regulatory sandbox. Government introduced legislation to enable a regulatory sandbox in Alberta on the finance side, allowing financial services and financial technology companies to test innovative products and services without immediately meeting all regulatory requirements. The sandbox encourages innovation while informing the modernization of industry regulations by identifying red tape or regulatory burdens that some companies may face.

Mr. Wiebe: Thank you.

On page 28 of the report it discusses a number of actions that the Public Service Commission took in support of red tape reduction. Can the department please expand on these red tape reduction efforts and how they supported employees in focusing more time on providing services to Albertans and less time on administrative tasks?

Ms White: Thank you so much for the question. Given that it's Public Service Commission, I think I'll ask my colleague Heather Caltagirone to provide you with an answer.

Ms Caltagirone: Well, thanks so much for the question. I'm, as mentioned, Heather Caltagirone, the deputy minister and Public Service Commissioner of the Public Service Commission. The PSC implemented a number of initiatives to support red tape reduction and improve efficiencies in the APS through our policies and processes.

In fiscal '22-23 the PSC kicked off the recruitment red tape reduction initiative, which began with the initial focus on process review and internal stakeholder engagement. The PSC worked closely with Technology and Innovation and Service Alberta and Red Tape Reduction during this process to identify processes and technology enhancements to improve recruitment outcomes. Engaging with crossministry partners was critical to ensure the entire hiring experience was improved and not just those business processes owned by the PSC. In total, over 60 technology and 20 process enhancements to reduce time to hire and improve hiring manager and candidate experiences occurred. Addressing technology and process inefficiencies identified the recruitment red tape reduction eliminations, unnecessary administrative burdens for all parties involved, enabling the GOA to have the talent required to focus on delivering services to Albertans.

Additionally, in March of 2023 the PSC also streamlined the position management standards and related processes to better reflect the APS' approach to managing positions within our organizational structure. This ensures the accuracy of our organizational structure, enables us to complete government priorities, and ensures consistency in alignment with the budgeted FTEs, or full-time equivalents. As part of the streamlining of the position process, the PSC also reduced the number of detailed approval requirements to create or update positions. This ensures our managers are equipped to keep their organizational structures current and to quickly recruit the workforce needed to deliver to Albertans' priorities.

Mr. Wiebe: Thank you. I appreciate the answer.

My next question is around – yeah. I want to highlight the performance measure listed on page 29 of the report, which is one-third of red tape reduction by '22-23. I think this is a really telling sign of what this government has managed to do regarding red tape reduction. I see that the target of 33 per cent was exceeded and a reduction of 34.33 per cent was achieved in '22-23. What factors contributed to being able to not only meet but exceed this target?

Ms White: Thank you so much for the question. Basically, the main factors were the diligence of AGLC and the Alberta Securities Commission and the Automobile Insurance Rate Board, AIRB, in identifying and removing red tape. You know, of course, you always get feedback about what's not working, and while there were several town halls held across the province that were certainly a key factor in us being able to identify areas where we could remove or eliminate red tape, the diligence of the staff in really taking the task to heart actually made a really big difference. Maybe I'll just highlight that the AIRB actually accomplished an 81 per cent reduction from its baseline count, which I guess shows you that it was quite ripe to have a look at. The Alberta Securities Commission accomplished 67 per cent red tape reduction from its baseline count through the repeal of several local rules and offering memorandum requirements. Again, I mentioned AGLC earlier. AGLC accomplished a 41 per cent reduction from its baseline count largely due to the review of its policy handbooks.

I guess the other thing I will say is that within the financial sector regulation and policy division they, again, took a holistic and proactive approach in making red tape reduction a priority for not just the agency but the department staff, and they did ensure any policy initiatives were viewed through the red tape lens. We had the red tape corporate ministry in our department, so certainly we knew we had to work hard to lead the way.

Mr. Wiebe: Was there any red tape eliminated, or what types of red tape were eliminated at all?

8:50

Ms White: The variety is actually quite vast in terms of the types that were eliminated, but I'll give some details. For example: application requirements, regulatory reporting requirements where we realized it wasn't useful or the information wasn't being used, providing flexibility for the setting of fees and removing certain restrictions on gaming, liquor, and cannabis industries. As I mentioned earlier, the AIRB reduced filing guidelines by harmonizing requirements for private passenger, commercial, and miscellaneous categories. So things like that, where we could still collect the same amount of information but not collect it three times, made a difference. Previously the requirements for these categories overlapped, causing considerable duplication. Additionally, AIRB introduced a streamlined file and use model, allowing insurers to obtain rates from AIRB without completing onerous filing requirements, subject to meeting certain criteria, including the size of the change.

Earlier I mentioned AGLC. They completed a review of the Liquor Licensee Handbook, for example, and a casino racing entertainment centre handbook and streamlined and modernized the handbooks and removed certain restrictions that just didn't make sense anymore. The handbooks outline to all licensees AGLC policies and requirements relating to the respective licences. AGLC removed insurance requirements for video lottery terminal retailers while amending advertising and promotions policies to align with existing casino policies. They also allowed liquor manufacturers to use more than one off-site liquor aging or storage facility. Small changes can make a big difference.

The ASC helped implement the access-equals-delivery model, where providing public electronic access to prospectuses and financial statements and, where applicable, alerting investors that documents are available through a news release, which will be a means . . .

The Chair: Thank you, Deputy.

We will now move back to the Official Opposition for a 10-minute block.

Mr. Haji: Thank you, Mr. Chair. Page 14 of the annual report notes that Treasury Board and Finance influenced auto insurance rate increases in order to address affordability, yet an Ernst & Young report from December 2022 showed Alberta having the highest auto insurance rates in the country. In the '22-23 fiscal year did the ministry conduct a crossjurisdictional analysis of auto insurance rates across Canada, and did that analysis show Alberta having the highest hikes, similar to what Ernst & Young reported?

Ms White: Our understanding is that – and we're happy to table the latest report – Alberta has among the highest automobile insurance rates. That's true, but often Ontario comes in slightly higher.

I'm sorry. I missed the second part of the question, sir.

Mr. Haji: The idea was to reduce the costs on the basis of affordability, but Ernst & Young was reporting that we still have higher rates compared to other comparable jurisdictions. So has the department done a crossjurisdictional analysis to find the same kinds of findings as Ernst & Young found?

Ms White: In '22-23 the policy that was implemented – you're right – was not to reduce auto insurance rates; it was to freeze them. That came in in December. The department, through AIRB, does do annual actuarial analysis, and it is reported. So, yes, we do ongoing analysis, now, again, through AIRB.

Every insurer is different in terms of profitability based on kind of the book that they have. What the regulator does is kind of set a benchmark, and then if you want to see a rate increase, you have to apply to the rate board. A lot of the work that we're talking about now, for example, on insurance was done subsequent to this, but we did have previous reports to look at.

The year prior there was a public consultation done on insurance. What I can tell you is that from data from January to June 2023, so covering this period, Alberta drivers paid on average 1.7 per cent more for auto insurance. They did pay more than they had the year before despite the freeze because, for example, you may have changed your car, you may have changed your location – other factors come in – or your insurer may have actually received an increased rate before the pause came in. So, just to let you know, kind of overall it was down to a 1.7 per cent increase, which is still an increase, not a decrease, as you mentioned.

Again, I mentioned the file and use guidelines. They encourage insurers to seek increases of less than 5 per cent and to also limit driver rate increases to no more than 10 per cent while limiting rate changes to every 12 months.

So those are more examples of the policies that are put in place and were in place in '22-23, in addition to the freeze, to try to protect rates from rising.

Mr. Haji: So, basically, it still went up by 1.7 per cent.

Ms White: It still went up by 1.7 per cent based on, majorly, that your insurer may have already had a rate increase, and/or your circumstances changed in some way as an individual. But, again, what we always want to say to Albertans is: if you have a question or you have a complaint about your insurer, please contact the AIRB, particularly if you feel you're being treated unfairly or policies are not being followed.

Mr. Haji: Do you have any idea if that increase was national in terms of – like, if it was a 1.7 per cent increase, how was that comparable to other comparable jurisdictions?

Ms White: I think that we'll have to get that information for you and table it back.

Mr. Haji: Okay.

Ms White: I guess one more thing I will say about '22-23: it was a strange time. Insurers had had a couple of good years through COVID because there was very little driving that was happening then, but what we were seeing at that time were massive cost escalations in property damage. So getting your vehicle fixed, with the supply chain issues, started to become expensive. And I know that it wasn't just Alberta that faced those supply chain issues.

But we'll certainly table that information for you, sir.

Mr. Haji: Okay. Thank you.

In January 2023 the Minister of Finance announced that the department would not approve auto insurance rate increases for the remainder of the year, yet previous year increases would go ahead. There would also be increases if a driver was at fault or made a claim or received a ticket, and the drivers could still see increases if they moved to another address or insured a different vehicle. Given all these caveats, can the ministry explain what percentage of Albertans saw lower auto insurance premiums?

Ms White: Again, we'll have to table that exact information, but likely the number is very low. I can tell you that the average increase was 1.7 per cent. I certainly have not run across an individual who saw a decrease at that time. But I would have to go back and get that information for you, sir.

Mr. Haji: Would you be able to table that?

Ms White: We will certainly make our best efforts or explain why we can't. We believe there are people that would have moved out – like, there should be people that would have improved their grid step or improved their driving record or, say, a really particularly bad accident would have followed up.

Mr. Haji: Yes.

Ms White: We're sure there are some, but I'd have to get back to you on the number. I don't have it available.

Mr. Haji: Is it a yes or a no?

Ms White: Yes, I think we can.

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

Ms White: I feel quite confident that we can, but to what granularity is going to be the question.

Mr. Haji: Okay. Page 37 of the annual report notes that in 2022-2023 the superintendent of insurance levied fines totalling $425,000 against insurers for overcharging on auto insurance premiums. The annual report also notes that

> so far, insurers have reported a number of incidents of premium over-charges. Even though most/all [of these] are accidental, the Superintendent expects to administer a number of monetary penalties against insurers for over-charging premiums.

Can the department tell the committee how many fines were issued for overcharging on car insurance and what the total amount of fines was?

Ms White: Okay. The review is ongoing. The first thing I can say is that I can't give you a total because, you know, they're still going and they're still active. What I can tell you is that for 2022-23 a total of $425,000 in administrative penalties were levied against three insurers for charging premiums in excess of approved rates. The first overcharge penalties as a result of the superintendent's review, to which you're referring, on premium overcharge were administered in December. Again, I can't give you an aggregate number because we're not done. It's ongoing, and the review is expected to continue into the summer of 2024. But I do want to confirm that in all circumstances when we find an instance of overcharging, the refunds are issued to the Albertans who were overcharged.

9:00

Mr. Haji: Do you not get what, like, within that time frame – even if the analysis is ongoing, can you get a picture of what was in that fiscal in the reporting period of time?

Ms White: Yes. Absolutely. As I said, for '22-23 there was $425,000 in administrative penalties levied against three insurers. So if you're asking me for the number of insurees that are contained in those numbers, that may be affecting how many Albertans, we can go back. We can come back and table. But to confirm, for the fiscal year in question: $425,000 against three companies.

Mr. Haji: Okay. Thank you.

The same page of the annual report – that's page 37 – states:

> In an effort to reduce the numbers of over-charges in the industry, in late 2022, the Superintendent began an industry-wide automobile insurance examination investigating incidents of premium over-charge in the past three years. This examination is expected to be completed by March 2024.

I guess that's still yet to be done. But I was wondering: within that period of reporting can the minister inform the committee about the status of the examination and the expected release date?

Ms White: As mentioned previously, the status is still ongoing. We had expected initially to complete the work by March. We've had a lot of things happening in the insurance industry, and because we're not done, we are going to target the summer.

The Chair: Thank you.

Now we will move back to government members for 10 minutes. MLA McDougall.

Mr. McDougall: Thank you, Mr. Chair. The performance measure on page 37 refers to the funded ratio of employment pension plans, which "indicates the degree to which assets cover liabilities on an assumption that the plans continue to operate on an ongoing basis." Funding ratios of the three public-sector plans – the local authorities pension plan, special forces pension plan, and the public service pension plan – are included in the '21-22 actual performance. I see that in 2021-22 the funded ratio of employment pensions reached 119 per cent, which is good to see. It's well in excess of the 100 per cent target, and that continues a trend that we've seen year over year for the last five years or so. Can you talk a little bit about what the economic factors are that contributed to this increase in the funded ratio during '21-22?

Ms White: Yeah. Happy to. Certainly, pension funds have seen a big turnaround in their funded status. In this case the increase was due to both better investment returns earned by pension plans in 2021, which spill into the 2022 fiscal year, and then this combined with an increase in long-term bond rates that are used to value pension liabilities.

Just so everybody understands, interest rates are basically like a denominator in your cash payout of your pension today. So when they're low, that number is huge, and your contributions need to go up to fund your future pension. But when your pension plan can earn more than 1 or 1 and a half per cent interest, it doesn't need to collect as much from you, and/or its funding status is not as much in question. So the major factor is interest rates.

Mr. McDougall: Okay. Can you provide a breakdown – there's 119 per cent for all three – of the three separate public plans? What is the funded surplus, I guess I would say, for each of those individual plans?

Ms White: This will be quick. The local authorities pension plan, or LAPP, is at 1.1, to 112 per cent, as is the public service pension plan, also at 112 per cent funded, and the special forces pension plan is 100 per cent funded. So these are the ones to which the minister is responsible.

Mr. McDougall: Okay. Key objective 1.4 is to "maintain fiscal discipline and spending to support the government's fiscal targets and work closely with ministries to deliver on the commitments the government has made to Albertans in the Government of Alberta Strategic Plan." I see on page 33 that the province had a surplus of $11.6 billion in '22-23. Can you elaborate a little bit on what are the actions that the department took to help ensure such a strong surplus budget in '22-23?

Ms White: Thank you for the question. TBF's role is as the economic, fiscal, and budget adviser that provides timely, relevant, and accurate strategic advice. It's always a challenge to do so in an economy that is so volatile. As well, we provide analysis and guidance to the Premier, minister, and Treasury Board and other government ministries for the province, so we support the allocation of government resources towards government priorities and programs and services that Albertans rely on as part of the annual budgeting process as well as emerging priorities. We prepare the quarterly fiscal updates, which is probably our main tool of communication, and economic statements on the government's finances as well as the analysis of affordability programs, including jurisdictional scans and costing benefits; indexation, for example.

The $11.6 billion surplus was largely driven by the $13.5 billion in higher revenue as oil prices jumped during the year. This was the fiscal year that we really experienced kind of the full brunt of the change in prices from the war in Ukraine, and, again, following the COVID restrictions we were coming off a really weak base. Resource and corporate income tax revenue increased by more than $15 billion. Additionally, there was an increase of $2.3 billion in expense out of that from emerging priorities. Again, you get this level of activity, and we did see some inflation. We also had the health care action plan, the affordability action plan, and additional supports to Ukrainian evacuees that were provided at the time.

Our guidance, TBF's guidance, and analysis allowed for the spending above the ministry's budget while still maintaining a large surplus, and, you know, we continue the endeavour of accurate and timely forecasting.

Mr. McDougall: Thank you.

I see that the debt-to-GDP ratio is only 9.8 per cent in '22-23, which is well below the fiscal anchor of 30 per cent. I'm just wondering what impact that type of situation in your interactions with credit agencies and the financial institutions when we're going to market our debt – you know, how they see that. What impact do you think that may have on our funding costs exactly?

Ms White: Great. Yeah. Thank you for the question. Again, we provide advice to Treasury Board in terms of fiscal priorities, in terms of treasury asset and debt management, certainly, always a big focus of our department and, frankly, has been since Alberta's fiscal position changed from net assets to net debt. I mean, we were always relatively good in the debt market, but I'm happy to say that we have a nation- if not world-leading debt team here in the Alberta government. You know, the paying down of the significant amount of debt that happened in 2022-23 really sent a signal to credit markets that we were serious about getting that number down.

Again, we want to focus on '22-23. I would say that laid the groundwork, that and the fiscal framework that we ultimately introduced, that really produced subsequent credit upgrades. But that significant paydown of debt, over $13 billion, in '22-23 sent a strong signal to credit markets, and we really started to see our cost of funds decrease relative to others. You have to be careful because interest rates are always changing, so the way that we try to measure our success changes relative to our peers.

Mr. McDougall: How would you quantify, you know, if we wanted to compare to B.C. or Ontario and other places? Is there a kind of general comment you can make as to what our advantage is there in terms of their funding costs?

Ms White: Absolutely. We're certainly happy to table bond spreads. I won't take you through the whole graphic. It's a little bit difficult to do verbally, but what I can say is that the commitment to fiscal discipline and paying down debt, as I just mentioned, really laid the groundwork. One of the things the department does is work with the credit-rating agencies to tell the story so that they have questions, not unlike the committee, on where our spending and revenue is going and how we're managing it. We work with the credit-rating agencies to ensure that story is transparent and told well, and this laid the groundwork for subsequent upgrades.

9:10

If we compare to B.C., unfortunately, our colleagues in B.C. have laid a different path. They've recently – again, probably groundwork laid back in '22-23 – you know, subsequently been put on warning and even downgraded. In terms of the relative performance of our debt-to-GDP: 9.9 per cent by March 2023. Compared to British Columbia, they were at 15.4 per cent. We always want to compare to Ontario because they're big borrowers: 38.2 per cent. Government of Canada: 45.6 per cent. You can't find someone on this chart that is anywhere close. I guess closest would be Saskatchewan at 12.8 per cent. Yeah. We continue to see the debt-to-GDP ratio improve as the economy grows and debt reduces.

Mr. McDougall: On page 29 you mentioned that Alberta has some of the lowest taxes in North America, with no provincial sales tax, no payroll tax, no health care premiums, low fuel and personal income taxes. I was wondering if you could speak – we only have 45 seconds or so – to the big economic advantages that Albertans enjoy as a result of having some of the lowest taxes in North America.

Ms White: Okay. Thank you for the question, and I'll cut to the chase. The tax advantage: Albertans and Alberta businesses would have paid $14.8 billion more in taxes had we had the system of any other province. For a family with two children earning $75,000, the advantage is $1,900 over British Columbia; $4,100 over Ontario, so significant affordability savings. Similarly, a family earning $150,000 would pay $5,200 more in British Columbia and about $8,800 more in Ontario.

Mr. McDougall: Thank you.

The Chair: Thank you.

We will move back to the Official Opposition for 10 minutes of questions.

Mr. Schmidt: Thank you, Mr. Chair. I want to ask some questions about the report of the Auditor General on the 2022-23 consolidated financial statements. The Auditor General identified environmental liabilities as a key audit matter, and the report states that "we believe that management can further improve the disclosures to provide more comprehensive information about current and potential future environmental liabilities."

Now, it's my understanding that key audit matters are those matters that, in the Auditor's professional judgment, were of most significance in the audit of the financial statements of the current period. The Auditor General raised these concerns after issuing multiple reports about the province's poor management and reporting of environmental liabilities. I'm wondering if the department can outline the steps that it has taken and the timeline to deal with the potential risks of unfunded environmental liabilities, including additional information about the total number of sites, the number of sites for which it has not recorded a liability, the number of sites where the responsible parties are still unknown, and the undiscounted value of recorded liabilities.

Ms White: I'm going to ask our Controller, Dan Stadlwieser, to come up and help answer that question. I think the first thing I will say, before I pass it to Dan, is that the majority of that performance will be under the department of environment. Our role in working with the Auditor General and the department is to ensure the recommendations are communicated clearly, ensure we have the right financial policies and processes in place to support the department in achieving the transparency that's required for the Auditor General.

Dan, do you want to add to that?

Mr. Stadlwieser: I would just add a few things about the Auditor's report, which you mentioned.

The Chair: Can you please introduce yourself for the record?

Mr. Stadlwieser: Dan Stadlwieser, Provincial Controller.

Relating to that assurance report, you know, certainly, the assurance standards changed last year, so I want to point out for clarity for the committee, going forward in the public sector now, areas of higher risk. Each year the Auditor General, in the financial statement audit opinion, now has to issue areas of high risk, where it spends significantly more and more time. That was certainly put in there for that purpose. There it's just basically: these are areas of risk, areas of additional work.

Now, yes, you are correct. There have been a number of performance audits issued and management letters issued to the Department of EPA, AER, so certainly there are areas there. In terms of disclosure we are working closely with EPA and AER currently this year to improve our disclosure. So we do anticipate some improvements in terms of some context around the I would say contingent liabilities, measurement uncertainty. We're getting a little bit more information on sites. Now, the challenges here: certainly, there are government-owned sites where we have a pretty good handle on the number of sites, but it's that broader economy, the regulator and unknown sites, where there will always be a significant amount of unknown contingent liabilities and measurement uncertainty. We're certainly working with the Auditor General very closely in those departments to improve that in some ways this year, but it's an ongoing exercise.

Mr. Schmidt: Thank you very much for that.

I mean, part of the process involved in making sure that Albertans have a clear understanding of the financial liabilities that the province faces with these environmental liabilities is that the public should have the right to know the extent of these liabilities. Will the department commit to making this information more easily available and to provide transparency for Albertans? I mean, we've had the department of energy here. We've had the department of environment here before. They've really been quite skilful at avoiding accountability when it comes to disclosing financial liabilities. What role does the Finance department play in making sure that environment and energy do a better job of being public and transparent about the environmental liabilities that Albertans could face?

Ms White: Well, certainly, as I said, the main role we play is through Dan's role as the Provincial Controller. Again, our accountability, our job is to ensure everything that you've said: that Albertans have the very best and most transparent financial information, which would include environmental liability.

Again, our role is to work very closely with departments and with the Auditor General to ensure that we're rising up to meet those standards in terms of providing any additional assurance. I can definitely commit that we continue to support and work with our department colleagues and with the Auditor General. It will be key that we provide all of the appropriate accounting, financial, and fiscal advice to those departments and certainly, not unlike the annual report standards, really do our best on training and accountability and ensuring that the departments have the ability to rise up and meet those accountabilities. But in terms of ensuring – so the line that we're always on is with ministerial accountability. Certainly, the role of the Controller is to take responsibility for the accuracy of the financial statements, and that will be the role that we will commit to and continue to commit to and to working with our department colleagues to ensure ever-increasing transparency for Albertans.

Mr. Schmidt: The deputy minister referred to the work that Finance plays in making sure that people in the departments of energy and environment come up to the standards that are expected for financial disclosure. Is it the deputy minister's opinion that the staff in those departments currently don't have the training or the qualifications to do that work properly?

Ms White: Sorry. Not at all. It is certainly not the deputy minister's opinion that we have incompetent staff in environment or energy. What I was referring to is the ongoing effort, first of all, to meet the new accounting standards that Dan outlined. There were some new standards around environmental liabilities. Our role is really in training and development, and that's to what I was referring, certainly not trying to impugn my colleagues in any way.

Mr. Schmidt: Thank you very much.

Now, Treasury Board and Finance are responsible for the risk management of the province's finances. I'm wondering what discussions have been carried out with credit agencies about environmental liabilities, risks of stranded assets. What's the impact on our credit rating of these outstanding environmental liability issues?

Ms White: Like Albertans, credit-rating agencies rely on the reports provided by the government and the opinion of the Auditor General in making those assessments. Certainly, like the Auditor, always interested in impacts of changing standards and progress towards cleaning up environmental liabilities. But I would say that for credit-rating agencies one of the key factors that, really, they've been talking about with us in the last couple of years is the improving fiscal situation, and we spend a lot more time explaining the new fiscal rules, for example, to the credit-rating agencies, based on their queries, than we necessarily do about the changing accounting standards. Certainly, ESG performance is something that credit agencies are watching, and Treasury Board and Finance and the departments will ensure that we meet the changing standards.

9:20

Mr. Schmidt: Thank you very much.

Now, my next question is to the Auditor General. The Auditor General has been issuing reports expressing concerns about the province's management and reporting of environmental regulation for at least a decade. At what point would you consider issuing a qualified opinion about the province's consolidated financial statements?

Mr. Ireland: What I would say is that there are a number of sites in the province that have been used by, you know, the private sector, and there's no longer a responsible party to clean up those sites. This is that grey area between: who's responsible for that site, the cleanup of it? Is it the regulator? Is there another party out there that will come up and do that? What our recommendations are really geared at is around primarily environment and the Alberta Energy Regulator in looking at those sites and going through that list comprehensively and identifying who's responsible for it, what risks those sites pose, and what the costs of cleaning up those sites are, and then if, in fact, the government is going to clean up the sites, what's the funding source for those sites?

We have issued clean audit opinions on the province's financial statements. We don't have any evidence, you know, that there is a material error in the province's financial statements right now, but that work is ongoing. As that work progresses, there could be additional liabilities recognized in the financial statements.

Mr. Schmidt: One of the key issues here is – just some questions about the accounting standards. Has the Auditor General talked to the Public Sector Accounting Board about developing a better standard of disclosure and measurement of environmental liabilities?

Mr. Ireland: We have not.

Mr. Schmidt: Okay. Thank you.

The Chair: Thank you.

Now we will move back to the government members for 10 minutes.

Ms Lovely: Thank you so much, Mr. Chair. I see on page 30 of the TBF annual report that the net financial assets of the Alberta heritage savings trust fund increased by $2.5 billion in 2022-23 to a total of $21.2 billion. How did the amendments to the Alberta Heritage Savings Trust Fund Act as part of the Financial Statutes Amendment Act, 2023, as noted on page 31, contribute to these increased savings in the heritage fund?

Ms White: Thank you for the question. On a year-over-year basis, the heritage fund grew by $2.5 billion. That was primarily due to actions taken by the Alberta government, but increases in unrealized gains also contributed to the increase in value. As mentioned, the Alberta Heritage Savings Trust Fund Act was amended in spring of 2023 to allow the investment income generated by the heritage fund to be retained within the heritage fund without approval from the Legislative Assembly. This is actually a sea change for the heritage fund and for its ability to grow. This allowed fully $1.25 billion of investment earnings from 2021-22 to be retained for the first time – we always did the inflation-proofing, but for the first time in a long time within the heritage fund instead of being transferred to the general revenue fund.

The government also, as I mentioned in my opening remarks, deposited $753 million into the heritage fund. So, you know, the combined contribution of the retained earnings and the contribution of cash from the government was around $2 billion, and then the unrealized gains were the balance to reach the growth of $2.5 billion.

Ms Lovely: Thank you so much.

On page 30 it notes that "taxpayer supported debt decreased by $13.4 billion" in 2022-23. I would first like to thank and congratulate the department for this huge accomplishment, and I know my constituents and all Albertans really do appreciate the great work this government has done to ensure fiscal discipline. So thank you.

The report explains that the majority of this debt reduction was a product of the province's surplus but also notes that "implementing a new cash pooling structure . . . contributed approximately $1.7 billion to government's debt reduction efforts." Could the department please outline the implementation of this new cash pooling structure and also share how it contributed to debt reduction in '22-23?

Ms White: This is actually a really great example of the Auditor General and the government working together to implement recommendations that improve the fiscal position of the Alberta government. The consolidated liquidity solution, or CLS – we work really hard all night to come up with intriguing titles for these things – replaced the consolidated cash investment trust fund, or the CCITF, which pooled cash that was held by government entities, so that it could be invested together and earn higher investment returns. The CLS is similar in that it pools the cash held by various government entities, but, like a bank, the deposits made by participants can be accessed by government and used to meet its financial obligations. The deposited cash is pooled with cash held in the general revenue fund, and it allows the government to borrow the surplus cash from entities rather than borrowing externally, resulting in $1.7 billion less debt on the balance sheet. So this is huge.

The department consulted with Justice in developing the new cash pooling structure, which included amending the Financial Administration Act to compel the government-related entities to participate in the structure. Everybody would really prefer to keep their own cash; you can imagine. Implementation of the new cash pooling structure required the department to, again, work with the agencies to determine how much cash was needed for operations and that could be held outside of the CLS, so really working hard on our cash management. The treasury management team implemented within 1GX supports the department determination of the participants' interest earned on their surplus cash.

Basically, we were able to massively reduce borrowing and, ultimately, our borrowing costs by using what was sitting in everyone's bank accounts already.

Ms Lovely: Fantastic.

On page 29 key objective 1.3 is to lead the government's fiscal strategy and maintain a competitive corporate tax environment, making Alberta an investment destination for high-value and high-impact investments, ensuring economic diversification, growth, and long-term economic success. As the report notes, "Alberta has maintained its competitive corporate tax environment, making it a prime destination for global investment." Can the department please explain how Albertans and the Alberta economy benefited from Alberta's competitive corporate tax environment in '22-23? How much new investment was attracted to Alberta in '22-23, and what sectors were these investments focused on?

Ms White: Thank you very much for the question. Alberta competes for investment with other jurisdictions kind of internationally, within Canada and within the United States but all over the world. Since businesses often invest where they'll achieve the highest returns, it's really imperative that our province is positioned to attract investment. Cutting the general corporate income tax rate from 12 per cent to 8 per cent is one of the government's key platforms and planks in terms of competitiveness and investment attraction and steps taken to attract capital.

In 2022 we saw the Alberta economy really gain momentum. Real GDP rose by an estimated 5.1 per cent, with nearly all sectors of the economy expanding. We recovered at the time from the COVID-19 downturn and surpassed the 2014 peak, so you could say that there was a bounce from COVID, but there was also additional growth above that. Alberta's economy continued to expand into 2023 although headwinds from rising interest rates and high inflation were already starting to moderate growth. Business investment contributed to the economic growth in '22 and '23. According to Stats Canada nominal business investment in Alberta's nonresidential sector grew 21 per cent, a huge number, or $11.7 billion, in 2022 and an additional 5.6 per cent, or another $3.7 billion, in 2023.

At an 8 per cent tax rate Alberta is actually collecting more corporate income tax revenue than we did when the rate was 12 per cent. The province collected $8.2 billion in corporate income tax revenue in '22-23, almost double the '21-22 level, so that'll give you a sense of kind of the strong business performance.

Again, favourable performance, favourable cost of living relative to other provinces drew people from across the country. Very strong migration. The growth in population was almost entirely due to migration. We'll start to see that natural increase creep up now that we have so many people here. You move to Alberta, and then you work on a family, usually. So we'll see that creep up next. That year we had huge inflows of both permanent residents and nonpermanent residents and interprovincial migrants.

9:30

In terms of overall investment, nominal investment in the nonresidential sector grew 21 per cent, or $11.7 billion, as I mentioned, and then 5.6 the following year. The oil and gas extraction sector accounted for most of the increase in business investment and certainly had the most cash in that year, at $8 billion, followed by transportation and warehousing, which saw a great increase of $2.2 billion, and utilities at $1.3 billion. But we did see expansion across all sectors, and while oil and gas led the way in '22-23, I'm pleased to say that we're also seeing investment in other sectors, particularly on the innovation front.

Ms Lovely: Thank you.

Page 30 of the TBF '22-23 annual report discusses how communications and public engagement collaborated with numerous ministries to help position and market Alberta as an attractive place for investment and skilled workers in high-demand sectors. As part of this work in August '22 Alberta Is Calling, a national recruitment campaign, was launched to encourage skilled workers from Vancouver, Toronto, southern Ontario, and Atlantic Canada to move to Alberta for career opportunities, high earnings, low taxes, and an affordable lifestyle. How is the success of Alberta Is Calling measured?

I also see that the province saw more than $58 billion in nonresidential business investment in '22. Can the department please provide a breakdown of the sectors and the industries that these investments were made in?

Ms White: Thank you for the question. I think that for the first part I'll ask my colleague Jonah Mozeson to reply on Alberta Is Calling, and then I'll do the capital investment piece.

Mr. Mozeson: For the record Jonah Mozeson, managing director of communications and public engagement. Through the chair, I would like to thank the member for giving me the opportunity to talk about Alberta Is Calling, a campaign that the department is extremely proud of and that I think all Albertans should be proud of as well, highlighting the great things that are done in Alberta and the strength of Alberta's economy, too. As you may know, the government of Alberta's advertising standards policy states that the purpose of advertising for the government of Alberta is to provide Albertans with information on programs, initiatives, and services that are provided to Albertans, but also it's to advocate for Alberta's interests outside of Alberta and highlight some of the great things that we do here, like our economic development. In terms of Alberta Is Calling, we had a couple of phases within this fiscal year.

The Chair: Thank you.

Mr. Mozeson: Through the chair, Member, I'd be glad to table that information as well.

The Chair: Thank you.

Now we will move back to the Official Opposition for 10 minutes of questions.

Mr. Schmidt: Good. Thank you, Mr. Chair. At Public Accounts on April 23 we heard from department officials from Seniors, Community and Social Services that they have engaged an external contractor, specifically Deloitte, for workplace transformation. I'm just wondering: can the department tell us what role TBF plays in standardizing procurement rules across departments?

Ms White: The largest actual role for standardizing procurement rules across departments is held by Service Alberta and Red Tape Reduction. Certainly, we always encourage them to work with the Controller's office to make sure our policies are going to be compliant with any accounting standards that are out there, but in terms of the lead that would be Service Alberta and Red Tape Reduction.

Mr. Schmidt: Thank you very much.

Turning to page 32 of the annual report, it shows that the heritage trust fund missed its targeted rate of return. The target was 6.7 per cent for the '22-23 fiscal year, but the actual result was 6.4 per cent.

Investments are handled by AIMCo. I'm wondering if the ministry could tell the committee why AIMCo missed its investment return target.

Ms White: Okay. I guess the first thing – I will preface the answer by saying that, as I mentioned in my opening remarks, in the second half of the year, in '22-23, we really saw equity markets fall off as interest rates were shooting up, and I think that's probably the majority of the performance.

But, in the interest of a fulsome answer, I'm going to ask my colleague from AIMCo, Mr. Diva Chinniah, to come to the mic and respond.

Mr. Chinniah: Thank you. My name is Diva Chinniah. I'm the managing director of finance and controller at AIMCo. Despite the challenging 2022 year, we did have, on a total fund basis, excess returns of $2.6 billion. The rising interest rates, as we mentioned, did have an impact on the bond market, which impacted our fixed-income returns as well as a soft public equity environment.

But, despite that, we do balance. We do invest in public and private investments. We did have a balanced portfolio, and the returns were pretty good. Excess returns were 183 BPs above target.

Mr. Schmidt: Thank you very much.

I'm just wondering. To the same official, then. The heritage trust fund's average annual rate of return for the last five years has been lower than the average return over the last 10 years. Can you explain why that's the case?

Mr. Chinniah: Yeah. We did have a strong performance in calendar 2021, 14 per cent returns, but every year we try to beat the benchmark. Really, on a four-year return we did pretty well. Our total return for calendar 2022 was 5.9 per cent, which was above our excess return benchmark of 5.3, and that's on the total fund. But, really, our main goal is to maximize returns.

Mr. Schmidt: Thank you.

Given that, like the heritage trust fund, public-sector pension plans are also invested by AIMCo, did AIMCo meet its long-term investment benchmarks for the public-sector pension plans under its management?

Mr. Chinniah: Yes. On the total fund for the pension plans, on a four-year basis, like I mentioned, we did meet the target for 2022 at 5.9 per cent. Overall, our excess return was over benchmark, but our returns were negative for 2022. When we look at the 2021 year, we did surpass the benchmark at 14 per cent whereas our benchmark was 8 per cent on a total fund basis.

Mr. Schmidt: In 2021 the government moved the Alberta teachers' retirement fund to AIMCo without stakeholder approval, and then in 2021 the government reversed its decision and then allowed the ATRF control over the strategic investment policy for the pension's assets and that AIMCo must implement that policy. Did the ministry conduct any analysis on the pension's performance since ATRF re-exerted control over investment policy? I'm basically trying to find out if it's doing better or worse than when AIMCo was running the pension entirely on its own.

Ms White: The department works with the Alberta teachers' retirement fund on various things, including appointments and kinds of various interactions around rules. The review of the performance, though, is, as you've mentioned, largely now the responsibility of the ATRF. I can comment, certainly, that we have had no complaints from ATRF in the '22-23 fiscal year or subsequently, since I've been here, in terms of performance of AIMCo. Certainly, the transition took quite a bit of time and was difficult, but my understanding is that everything has settled down.

As you've noticed from the previous answers, returns are incredibly volatile year to year. The CEO of the ATRF will certainly keep an incredibly close eye to ensure that AIMCo is meeting its benchmarks. AIMCo certainly works with all its clients on an ongoing basis to ensure that's the case. But I can confirm no subsequent developments.

Mr. Schmidt: In 2020 the PSPP, LAPP, and SFPP sued AIMCo over its failed volatility strategy. The litigation was launched in 2022. All of the AIMCo managers have since gone, but can the ministry inform this committee if any of AIMCo's clients have launched any new legal action against AIMCo in the 2022-23 fiscal year? Can you provide us an update on the litigation situation with AIMCo?

Ms White: I have to be very careful here. I can't provide an update as the litigation, as you mentioned, is ongoing. I don't believe that we had any new litigants, to your earlier question. I can confirm that we've had no additional litigants in the case. Unfortunately, I can't comment on the ongoing matter.

Mr. Schmidt: Okay. Thank you very much for that answer.

Part of the issue that public-sector pension plans have had with AIMCo is that the clients are captive – they cannot move to another manager – and there's no representation of the clients on AIMCo's board, unlike other pension investment management vehicles. AIMCo is going through a $160 million transformation, but clients have no say in the matter, and they're simply presented a bill for the costs. I'm wondering if the department would talk to us about what they think would be a fair and equitable investment management relationship between AIMCo and its clients.

9:40

Ms White: Well, first of all, I would say – and I am going to ask my colleague to return to the mic to talk about kind of the details of the ongoing client work that AIMCo does. Certainly, there was a recognition within AIMCo and the department that client relations, client lead, and client development would need to be at the forefront for AIMCo, you know, considering all the developments that you've noted in your previous questions. I'm happy to say that AIMCo has quite an extensive client consultation, management, and development process that, again, I'll let my colleague comment on.

Mr. Chinniah: Thanks, Kate. We are implementing a business transformation of $130 million to . . .

The Chair: Can you please introduce yourself for the record?

Mr. Chinniah: Oh. Sorry. Diva Chinniah, managing director, finance and controller, AIMCo. We are implementing a business transformation that's a $130 million project to look at all our systems and re-upgrade them. Like any corporation, we have to reinvest in our technology to be competitive with our peers, so this is what we're doing right now. In addition, we're having deep client engagement with all our clients to make sure that they understand what we're doing, how we're going to get there, just to make sure they travel with us on the journey as we transform the company.

Mr. Schmidt: Thank you very much.

Page 56 noted that AIMCo's expenses in 2022-23 were higher than budgeted by $88 million "due to higher than anticipated third-party management fees resulting from strong performance of several asset class fund managers which contributed to the strong calendar 2022 investment performance." Can the ministry explain to the committee a bit further on the higher than expected fees in 2022?

Ms White: Yes. Again I'll ask my colleague to supplement and correct any errors or omissions that I make. The external fund managers that are hired by AIMCo work on a performance basis. You know, you've quoted the returns for the overall funds, and we've talked about a couple of different permutations of that. But right down to kind of the individual investment, external managers can be paid based on the performance of those, so where you see those additional costs is where you've seen additional performance from external managers.

Mr. Chinniah: Thanks. For fiscal 2023 AIMCo did incur – oh, sorry. Diva Chinniah . . .

The Chair: You should introduce yourself every time you're asked to answer a question by the deputy.

Mr. Chinniah: Okay.

The Chair: But we ran out of time as well.

We will move back to government members for 10 minutes of questions. MLA Chantelle de Jonge will lead us now.

Ms de Jonge: Thank you so much, Chair, and thank you to all the officials for being here this morning. Earlier my colleague had asked some questions about red tape reduction, but I do have one additional question, specifically relating to AGLC, because much of the success of the red tape reduction efforts in 2022-23 was supported by reductions from AGLC. Turning to page 27 of the annual report, it's mentioned that AGLC "has achieved a cumulative reduction of over 41 per cent of its regulatory requirements since 2019, providing additional opportunities for businesses." Through the chair, can you explain: what does it take to get to that 41 per cent? Can you expand on some of the ways that AGLC has modernized policies or created additional opportunities for businesses and cut red tape in the 2022-23 fiscal year while still maintaining public safety?

Ms White: Thank you so much for the question. I've talked a little bit about the types, and I'll get back into that. But as the provincial regulator of the gaming, liquor, and cannabis industries in Alberta any potential policy or regulatory amendment includes a risk assessment of the proposed changes as part of AGLC's internal approvals process. It's all well and good to say that you're going to cut red tape, but you have to make sure you're not cutting tape that is holding somebody back from falling off a cliff. That's one of the things that we make sure that we're doing.

And it's not just, again, individual safety. It's also about, you know, integrity of programs and policies that we deliver and fairness. Again, one of the key changes for AGLC, which were many, was to enable Alberta liquor manufacturers to use more than one off-site liquor aging and storage facility. You would think that would not be a hard thing to do, but it was impossible under the old rules. Again, makes it easier for them to plan and execute long-term business operations.

AGLC passed board regulations to provide greater flexibility for the sale of cannabis-related items that could be sold alongside cannabis and cannabis accessories in retail cannabis stores. This change allowed businesses to diversify their product lines and expand sales opportunities but, again, within a safe and regulated environment. It's always something that we look at.

AGLC reviewed the casino and racing entertainment centre policy handbook, the one I mentioned before, and the Liquor Licensee Handbook to streamline and modernize; permitted the sale of energy drinks in retail liquor stores following Health Canada's removal of public health cautions regarding mixing energy drinks with alcohol, again, not until those guidelines were in place; and provided cannabis representatives with the opportunity to offer samples to retail cannabis licensees to help support enhanced product awareness. These are the type of policy amendments that reflect AGLC's ongoing commitment to ensuring a regulatory environment that balances responsible consumption, consumer choice, innovation, and economic growth.

Ms de Jonge: Thank you, through the chair. I appreciate that additional insight on red tape reduction.

Now switching to affordability concerns, I hear from many of my constituents and folks across Alberta who are impacted by inflation and the high cost of living, which is certainly a global phenomenon. Our government is of course committed to supporting Albertans, so I was glad to read on page 21 that "TBF supported government-wide efforts to take quick [and] effective action to deliver relief measures to assist Albertans with the rising cost of living due to inflation." Through the chair, can the department please outline what actions were taken in 2022-23 to address the affordability concerns of Albertans, and can you please inform the committee how much money Albertans saved through these measures?

Ms White: Okay. Again, thank you for the question. In November 2022, as the committee knows, the government launched the affordability action plan, or AAP, which focused on measures to reduce costs for Albertans and provide targeted support for families, seniors, and vulnerable Albertans. Actions taken under the AAP included the following, and I'll just apologize in advance; this is a long list. Indexation of the personal income tax system, which saved Albertans $304 million in '22-23 due to lower withholding taxes on their paycheques, larger refunds, and lower taxes owed on even their 2022 personal income tax returns. The fuel tax relief program saved Albertans and Alberta businesses $1.2 billion in '22-23 by pausing the fuel tax. Again, that was at 13 cents per litre on gasoline and diesel, and 4 cents per litre on marked gasoline and diesel. The electricity rebate program provided over $628 million in rebates in '22-23 to approximately 1.9 million Alberta homes, firms, and businesses by applying rebates to power bills from July '22 to April '23. The affordability payments program provided direct payments of up to $600 over six months from January to June 2023 to seniors, families, and vulnerable Albertans living on core benefit programs like assured income for the severely handicapped, income support, Alberta seniors' benefit, and persons with developmental disabilities. In '22-23 a total of $440 million was provided through these payments.

Effective January 1, 2023, the government committed to the indexation of monthly benefits for AISH, income support, and the Alberta seniors' benefit and the Alberta child and family benefit. This provided $51 million in additional support in '22-23. Again, the government allocated $24 million for wage increases for social service workers in disability services, homeless shelters, and family violence prevention programs. Continuing care operators received $19 million to off-set inflation, which shielded continuing care residents from full cost-of-living increases. The government also provided grants like the $10 million to food banks and civil society organizations. These measures supported vulnerable Albertans in communities throughout the province.

9:50

The student transportation fuel price contingency program provided $22 million to school authorities to keep fuel prices at a base rate of 1.25 cents per litre while transporting students. We provided $17 million in skills upgrading grants and bursaries to support 3,400 low-income students in eligible programs with high labour market demand as well as the natural gas rebate program, which we did launch to more than 1.6 million Alberta households, farms, and small businesses, but because the natural gas prices did not exceed the trigger price of $650, we didn't actually issue any rebates. But I guess I would say we were ready to go on that, and it was no small effort to get it done.

Ms de Jonge: Thank you very much.

You know, it sounds like there were a lot of measures brought in to help Albertans through periods of high inflation. It's important that Albertans are aware of these efforts. Page 21 mentions that effective government communication is critical and was critical during 2022-23 to help Albertans struggling with the rising cost of living, so what steps did the department take to ensure that Albertans were aware of all those affordability measures that you've just spoken about?

Ms White: Maybe there'll be a follow-up from my colleague Jonah Mozeson, but I'll just quickly say that advertising was used to communicate, again, the important information to Albertans regarding the affordability action plan. It was really key because there were, in certain cases, steps Albertans had to take themselves in order to receive the benefits, like applying for the cash payments.

There were two media campaigns to raise awareness of the government's affordability measures. Expenditures on these campaigns totalled $7.2 million in '22-23. There are two: the Keeping Alberta Affordable campaign, which was $4.5 million, and the In Your Pocket campaign, which was $2.7 million. Maybe I'll ask Jonah to expand a little bit on those campaigns.

Mr. Mozeson: For the record Jonah Mozeson, managing director of communications and public engagement. I'll try and be fast on this one. The purpose of those campaigns was, as the deputy minister said, that there were a number of programs and supports available for both vulnerable Albertans and senior Albertans as well as Albertans with children under the age of 18. One of the purposes of the advertising campaign was to ensure that people were aware of the supports that were available to them as well as to direct them to the website as well as the portal so they could apply for some of those additional supports that will be available to help them, you know, manage with the cost-of-living crisis that Alberta was experiencing at the time.

The Chair: Thank you. Good job.

Before we move into next rotation, I do want to seek the unanimous consent of the members of the committee to go beyond the scheduled time of 10 o'clock to deal with an additional matter. It shouldn't take too long. I will only ask one question: is anybody opposed to it? Thank you. The motion is, I guess, granted.

We will move to the Official Opposition for three minutes for them to read questions into the record.

Mr. Schmidt: Thank you very much, Mr. Chair. On the 30th of May, 2022, the minister approved variable pay for executives at the independent system operator. Why were these contracts signed with variable pay when RABCCA expressly prohibited it? How much money in variable pay was paid out because this exemption was granted, and what benefit did the people of Alberta receive from approving this?

On the 20th of July, 2022, the minister approved Laura Kilcrease's salary increase from $396,000 to $431,000 a year, a 9 per cent increase. Why? What benefit did this provide to the people of Alberta?

On the 19th of July, 2022, the minister approved Ed McCauley to receive 104 weeks of administrative leave, double what RABCCA allowed. Why? How much will this cost the University of Calgary? What benefit did the people of Alberta receive from approving this?

On the 9th of November, 2022, the minister approved a salary increase for the president of Olds College from $294,000 to $311,000. Why? What was the benefit to Albertans?

On the 21st of November, 2022, the minister approved an increase for the ATRF CEO's salary to $461,800. Why? On the same date the minister approved variable pay for executives at ATRF. How much was paid out to executives at ATRF in variable pay since the exemption was granted? On the same day similar exemptions were granted to the executives at LAPP. Why? How much was paid out to executives at LAPP since the exemption was granted? On November 21, 2022, the AESO CEO's max salary was increased to $616,000. Why? What was the benefit to Albertans?

On December 16, 2022, the president of the University of Lethbridge's salary was increased from $446,000 to $485,000, a 9 per cent increase. Why?

On February 21, 2023, the president of Mount Royal University's salary was increased from $381,000 to $419,000. Why?

On March 16, 2023, the president of Athabasca University's salary was increased from $381,000 to $419,000. Why?

On February 22, 2023, the minister approved allowed accrual of administrative leave in excess of 52 weeks. Who did this exemption apply to? What was the cost to each institution that was subject to this exemption?

On August 24, 2022, the minister approved paying out 52 weeks of severance to Todd Sumner, twice what RABCCA allowed. Why, and what was the benefit to Albertans?

Finally, on page 15 of the report you noted that net debt-to-GDP was 9.8 per cent in 2022-23. Am I correct in that this ratio is the lowest under the UCP and the lowest since there was a change in government? In 2018-2019 it was 7.9 per cent.

Those are all my questions, Mr. Chair.

The Chair: Thank you.

We will now move back to the government members' side for their questions.

Ms Armstrong-Homeniuk: Thank you, Mr. Chair. The questions I have here are, through you, for the record, on page 24 and 25 of the report. It discusses improvements to the electronic services for tax and revenue programs. This includes updates to Tax and Revenue Administration Client Self-service, TRACS; an online portal where stakeholders and clients can self-manage their account. What improvements to the system were made in 2022-23, and what benefits did improvements bring to Albertans?

On page 23 of the annual report it discusses how indexation is a way to ensure that income thresholds for certain tax rates automatically increase with inflation. I see that in the beginning of the 2022 tax year, Alberta resumed indexation of the personal income tax system for inflation. I also see that the Alberta child and family benefit, ACFB, was indexed by 6 per cent starting on January 1, 2023. How did the indexation of the personal income tax system and the Alberta child and family benefit, ACFB, help Albertans in '22-23?

As mentioned on page 34 of the TBF annual report, "the Sustainable Fiscal Planning and Reporting Act received Royal Assent on March 28, 2023, and introduced a fiscal framework to guide future decision-making, in both good times and [in] bad, for the province's finances." Can the department please expand on how this framework works to support the long-term sustainability of government programs and services for the benefit of all Albertans while ensuring their hard-earned tax dollars are used wisely?

I'd like to cede the rest of my time to my colleague MLA Rowswell.

Mr. Rowswell: Thank you. Key objective 3.2, listed on page 42 of the annual report, is to foster and promote a safe, diverse, inclusive, and respectful work environment in the APS, Alberta public service. This government is committed to supporting a healthy, diverse, and inclusive workplace where employees feel respected, valued, and safe. Can the department please share with this committee what policies and initiatives were implemented in 2022-23 to help meet this key objective, and how does the department measure the success of these initiatives?

As mentioned on page 33 of the report, "reductions of debt resulted in $260 million saved in debt serving costs." That's great news. Can the department please expand on how these savings help provide additional sources to deliver the government's programs and services that Albertans rely on?

I'll stop there. Thank you.

The Chair: Thank you.

I would like to thank the officials from the Ministry of Treasury Board and Finance and the office of the Auditor General for their participation in responding to committee members' questions. We ask that any outstanding questions be responded to in writing within 30 days and forwarded to the committee clerk. At this point, I guess, you may leave.

The fifth and final point on the agenda is that the Canadian Council of Public Accounts Committees is a group of legislators and staff from federal, provincial, and territorial public accounts committees across Canada that meets each year simultaneously with the Canadian Council of Legislative Auditors to discuss matters relating to financial accountability. This conference provides an opportunity to meet Public Accounts Committee members from other jurisdictions. There are usually one or two international Public Accounts Committee officials who attend the conference as well. This is an opportunity to discuss best practices for PAC committee members. It is facilitated by the host jurisdiction in conjunction with the Canadian Audit and Accountability Foundation, which, members may recall, facilitated an effective questioning orientation session for the committee in February.

10:00

In 2024 a joint CCPAC and CCOLA conference is scheduled for September 8 to 10 in Quebec City. It has been the practice of this committee to send the chair, the deputy chair, the committee clerk, and a research officer or other relevant LAO employees to attend. Previous committees have also identified two or three alternates should any approved delegates be unable to attend. If the committee is supportive of this proposal for conference attendance, would a member consider moving the following motion, that

> the Standing Committee on Public Accounts approve the attendance of the chair, the deputy chair, and two Legislative Assembly Office staff at the 2024 CCPAC and CCOLA conference from September 8 to 10, 2024, and that the select committee members be identified as alternates and their names provided to the committee clerk.

Mr. McDougall: I'll move.

The Chair: MLA McDougall moved. Any discussion on the motion?

Seeing none, all in favour? Any opposed? Thank you.

Motion is carried.

Other business. Are there other items for discussion under other business? Seeing none, the next business meeting of the committee is on Tuesday, May 14, 2024, with the Ministry of Mental Health and Addiction.

At this point I will call for a motion to adjourn. Would a member like to move that the meeting be adjourned? Moved by MLA Sharif Haji that the Tuesday, May 7, 2024, meeting of Standing Committee on Public Accounts be adjourned. All in favour? Any opposed? Motion is carried.

Thank you. This meeting is adjourned.

[The committee adjourned at 10:02 a.m.]

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