



Legislative Assembly of Alberta

The 29th Legislature
Third Session

Standing Committee
on
Resource Stewardship

Ministry of Treasury Board and Finance
Consideration of Main Estimates

Tuesday, April 18, 2017
9 a.m.

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Third Session**

Standing Committee on Resource Stewardship

Loyola, Rod, Edmonton-Ellerslie (ND), Chair
Hunter, Grant R., Cardston-Taber-Warner (W), Deputy Chair

Babcock, Erin D., Stony Plain (ND)
Clark, Greg, Calgary-Elbow (AP)
Dang, Thomas, Edmonton-South West (ND)
Drysdale, Wayne, Grande Prairie-Wapiti (PC)
Hanson, David B., Lac La Biche-St. Paul-Two Hills (W)
Kazim, Anam, Calgary-Glenmore (ND)
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* substitution for Wayne Drysdale

Also in Attendance

Fildebrandt, Derek Gerhard, Strathmore-Brooks (W)

Support Staff

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Standing Committee on Resource Stewardship

Participants

Ministry of Treasury Board and Finance
Hon. Joe Ceci, Minister
Lorna Rosen, Deputy Minister

9 a.m.

Tuesday, April 18, 2017

[Loyola in the chair]

**Ministry of Treasury Board and Finance
Consideration of Main Estimates**

The Chair: Good morning, everyone. Welcome to everybody. The committee has under consideration the estimates of the Ministry of Treasury Board and Finance for the fiscal year ending March 31, 2018.

I'd ask that we go around the table and have all MLAs introduce themselves for the record. Minister, please introduce the officials that are joining you at the table once we reach you. I'm Rod Loyola, MLA for Edmonton-Ellerslie and the chair of this committee.

Mr. Hunter: Thank you, Mr. Chair. Grant Hunter, MLA for Cardston-Taber-Warner.

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

Mr. McIver: Rick McIver, MLA, Calgary-Hays.

Mr. Fildebrandt: Derek Fildebrandt, Strathmore-Brooks, joined by my assistant Cole Kander.

Mr. Clark: Good morning. Greg Clark, MLA, Calgary-Elbow.

Mr. Ceci: I'd like to introduce Lorna Rosen, deputy minister of Treasury Board and Finance. On her right is Bryce Stewart, the assistant deputy minister of budget development and reporting, Treasury Board and Finance; and Darren Hedley, assistant deputy minister of strategic and business services division, Treasury Board and Finance. I'm Joe Ceci, Minister of Finance and President of Treasury Board.

Ms Woollard: Denise Woollard, MLA, Edmonton-Mill Creek.

Mr. Kleinstauber: Jamie Kleinstauber, MLA, Calgary-Northern Hills.

Ms Babcock: Good morning. Erin Babcock, MLA, Stony Plain.

Mr. Rosendahl: Eric Rosendahl, MLA, West Yellowhead.

Mr. Nielsen: Good morning, everyone. Chris Nielsen, MLA for Edmonton-Decore.

Ms Kazim: Good morning. Anam Kazim, MLA for Calgary-Glenmore.

Mr. Malkinson: Good morning, everyone. Brian Malkinson, MLA for Calgary-Currie.

Mr. Dang: Good morning. Thomas Dang, Edmonton-South West.

The Chair: I'd like to note for the record that Mr. McIver is here as a substitute for Mr. Drysdale.

Please note that the microphones are operated by *Hansard* and that committee proceedings are being audio and video live streamed. Please set your cellphones and other devices to silent for the duration of the meeting.

Hon. members, the standing orders set out the process for consideration of the main estimates. Before we proceed with the consideration of the main estimates for the Ministry of Treasury Board and Finance, I would like to review briefly the standing

orders governing the speaking rotation. As provided for in Standing Order 59.01(6), the rotation is as follows. The minister or the member of Executive Council acting on the minister's behalf may make opening comments not to exceed 10 minutes. For the hour that follows, members of the Official Opposition and the minister may speak. For the next 20 minutes the members of the third party, if any, and the minister may speak. For the next 20 minutes the members of any other party represented in the Assembly or any independent members and the minister may speak. For the next 20 minutes private members of the government caucus and the minister may speak. For the time remaining, we will follow the same rotation just outlined to the extent possible; however, the speaking times are reduced to five minutes as set out in Standing Order 59.02(1)(c).

Members may speak more than once; however, speaking times for the first rotation are limited to 10 minutes at any one time. A minister and a member may combine their time for a total of 20 minutes. For the final rotation, with speaking times of up to five minutes, once again a minister and a member may combine their speaking times for a maximum total of 10 minutes. Discussion should flow through the chair at all times regardless of whether or not the speaking time is combined. Members are asked to advise the chair at the beginning of their speech if they wish to combine their time with the minister's time. If members have any questions regarding speaking times or the rotation, please feel free to send a note or speak directly with either myself or the committee clerk about the process.

A total of three hours have been scheduled for the consideration of estimates for the Ministry of Treasury Board and Finance. With the concurrence of the committee I will call a five-minute break near the midpoint of the meeting; however, the three-hour clock will continue to run. Does anyone oppose having a break? Seeing no opposition, we'll follow through with that.

Committee members, ministers, and other members who are not committee members may participate. However, only a committee member or an official substitute for a committee member may introduce an amendment during a committee's review of the estimates.

Ministry officials may be present and at the direction of the minister may address the committee. Ministry officials seated in the gallery, if called upon, have access to a microphone in the gallery area. We have pages available to make deliveries should any notes or other materials need to pass between the gallery and the table. Members' staff may be present and seated along the committee room wall. Space permitting, opposition caucus staff may sit at the table; however, members have priority for seating at the table at all times.

If debate is exhausted prior to three hours, the ministry's estimates are deemed to have been considered for the time allotted in the schedule, and we will adjourn. Otherwise, we will adjourn at 12 p.m.

Points of order will be dealt with as they arise, and the clock will continue to run.

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

Again I'll remind all meeting participants to address their questions and responses through the chair and not directly to each other.

The vote on the estimates is deferred until consideration of all ministry estimates has concluded and will occur in Committee of Supply on April 19, 2017.

If there are amendments, an amendment to the estimates cannot seek to increase the amount of the estimates being considered,

change the destination of a grant, or change the destination or purpose of a subsidy. An amendment may be proposed to reduce an estimate, but the amendment cannot propose to reduce the estimate by its full amount. The vote on amendments is deferred until Committee of Supply convenes on April 19, 2017. Amendments must be in writing and approved by Parliamentary Counsel prior to the meeting at which they are to be moved. Twenty copies of amendments, including the original, must be provided at the meeting for the committee members and staff.

I will now invite the Minister of Treasury Board and Finance to begin with his opening remarks. Please go ahead, Minister.

Mr. Ceci: Thank you, Mr. Chairman. I'm pleased to be here with you today to share the business plans and estimates of the Ministry of Treasury Board and Finance, which includes the Department of Treasury Board and Finance, the Public Service Commission, the Public Agency Secretariat, and the boards, agencies, and corporate entities that report to me as minister.

I've introduced the people at the table with me. Before I go on, there are a number of other staff from my department and some of the entities reporting to me as minister, including, from AGLC, Kandice Machado, vice-president, corporate services and chief financial officer; from AIMCo, Mark Prefontaine, senior vice-president, client relations; from ATB Financial, Jennifer Forsyth, managing director, accounting services; and from the Public Agency Secretariat, Bill Werry, deputy minister.

As you know, our province is finally beginning to recover from the steepest and most prolonged slide in oil prices in recent history. This had and continues to have a significant impact on our economy. At the same time, Alberta is rebuilding from last year's wildfire in Wood Buffalo, the most costly natural disaster in Canadian history. It's been a tough couple of years for Albertans trying to make ends meet and to get their lives back on track and for government, which bears a responsibility to help its citizens in their time of need. Our government has answered that call.

Thankfully, we are now seeing a few rays of light through those dark clouds. As we reported in the budget, Alberta is expected to return to growth this year, with real GDP expected to increase by 2.6 per cent in 2017-18. We are also looking at a gradual increase in the price of oil over the next three years, which will contribute to economic growth. Since July the economy has added almost 20,000 jobs. Employment is expected to grow by .9 per cent in 2017-18. Budget 2017 supports this emerging momentum by building on the Alberta jobs plan, focusing on growing and diversifying our economy, making life more affordable for families, and protecting and improving programs and services.

My department supports these activities by leading economic analysis, fiscal planning, and accounting activities, also by effectively managing cash, also by collecting revenue, and, lastly, by providing rebates and tax credits that benefit Albertans and Alberta businesses. Over the next few years Treasury Board and Finance will play a key role, providing support, expertise, and advice to other ministries on important initiatives like the climate leadership plan and the Alberta jobs plan.

But there is more to Treasury Board and Finance than dollars and cents. In addition to financial management and accountability the ministry also focuses on human resource leadership and regulates Alberta's liquor, gaming, financial, securities, insurance, and pension sectors.

The ministry also collaborates with departments and public agencies to promote a consistent approach to public agency governance, recruitment, and compensation. These sectors continue to evolve, and the policies we make and the way we regulate these sectors must evolve, too. We are living in very turbulent times, and

Albertans should take comfort in the knowledge that Treasury Board and Finance is well equipped to manage these challenges with skilled and knowledgeable people who are experts in their field.

That's a little bit of context for you.

I'd like now to spend a few minutes speaking about the ministry's 2017-2020 business plan. I've organized my remarks to correspond with the four business plan outcomes, which begin on page 150 in the business plan.

9:10

Outcome 1. The first outcome is "a strong and resilient financial foundation that supports government services for current and future generations." As the business plan points out, Treasury Board and Finance is the government's chief economic and fiscal adviser, the central connection between government ministries in relation to financial decision-making. The ministry manages the province's financial systems and works to ensure sustained revenue streams, wise spending decisions, and sound borrowing and investment strategies that together support a strong financial foundation that benefits Albertans. The government has taken a long-term view towards managing the province's fiscal position rather than making deep and immediate cuts that would only make the challenges we currently face more difficult than they already are.

Budget 2017 focuses on managing spending through a number of cost-saving measures, including realigning executive compensation in Alberta's public agencies, finding in-year savings, and freezing salaries for political staff and government managers. These measures, along with ongoing fiscal discipline, will keep the rate of growth in government operating, spending expenses below the combined rate of population growth plus inflation to achieve lower year-on-year deficits.

Other key strategies in support of outcome 1 include providing reliable economic analysis. As part of the budget planning process TBF's team of economic experts consults with private-sector economists as our quarterly economic forecasts and updates are prepared.

Monitoring the competitiveness of Alberta's tax system: Albertans enjoy the lowest overall tax burden amongst the provinces, with no sales tax or health care premiums.

Collect and administer revenue fairly, effectively, and efficiently: Treasury Board and Finance was instrumental in the successful launch of the carbon levy and the accompanying rebate program, the small-business tax cut, and other important initiatives like the enhanced Alberta family employment tax credit and tax incentives designed to encourage investment in small and medium-sized businesses.

Rounding out the list of strategies, TBF will lead financial planning to ensure that ministries' initiatives are aligned with government priorities and make efficient use of funds and will borrow and invest strategically to sustain robust government finances, ensuring that government is borrowing at the lowest possible cost. We are committed to keeping our debt-to-GDP ratio amongst the lowest of the provinces, ensuring that Alberta has the capacity to invest in people and make their lives better at the time they need it most. Alberta continues to have a strong balance sheet, with the lowest total debt amongst provinces and a plan to return to balance in six years.

Outcome 2 relates to policy and regulatory oversight for a variety of sectors. Those are liquor, gaming, financial, securities, insurance, and pensions. As you might expect, the goal is to ensure that these policies and regulatory structures are fair and effective. Above all, they must serve the interests of Albertans. The regulatory space continues to evolve as emerging technological

advancements are changing the kinds of products and services industry provides, especially in the financial marketplace. Government will work to build on its understanding of systemic change so we can proactively provide effective regulatory oversight to ensure well-functioning markets and to protect consumers.

Treasury Board and Finance will undertake five key strategies to support outcome 2: scan for current and emerging trends that may have an impact on these sectors; second, lead and implement changes to keep policy and regulations relevant and based on best practices; next, work co-operatively with other jurisdictions to continuously improve our provincially led securities regulation system. That's followed by improving access to capital for small and medium-sized businesses and, lastly, to continue to promote responsible growth of Alberta's liquor and gaming industries; for example, the small brewers development program introduced last year.

Outcome 3 relates to government accountability and transparency. The ministry sets policies and standards to promote responsible financial practices and conducts internal audits to ensure compliance, manage risks, and safeguard public assets. In keeping with recommendations from the Auditor General and public-sector accounting standards, the Public Agency Secretariat leads government-wide initiatives to enhance the governance of Alberta's agencies, including the recent introduction of a new executive compensation framework for agencies, boards, and commissions as well as the ongoing ABC review. Together these activities enhance public confidence in governance.

Key strategies outlined in the business plan include providing timely, reliable, and relevant accounting, budgeting, and policy advice to ensure Alberta's finances are presented in a clear format that reflects public-sector financial reporting standards; next, to report on government's performance and progress on priorities in a transparent and balanced manner; next, to ensure government programs and services meet the purposes intended and achieve efficiencies through internal audit and risk management; next, to develop policies and provide assistance, tools, and advice to government departments and public agencies to support best practices in public agency governance, reporting, accountability, and evaluation; finally, to provide support and guidance in ensuring an effective and transparent process for recruitment and appointment of a diverse range of qualified candidates to public agencies.

Outcome 4, the fourth and final outcome, is a strong and inclusive public service working together for Albertans. Our public service is critical to the delivery of important... [A timer sounded] Thank you. I'll conclude later perhaps.

The Chair: Thank you very much, Minister.

For the hour that follows, the Official Opposition may speak with the minister. Who's going to be speaking on their behalf? Mr. Fildebrandt, would you like the timer set at 20-minute intervals?

Mr. Fildebrandt: We'll go back and forth, please.

The Chair: Okay. Would you like 20-minute intervals set?

Mr. Fildebrandt: Oh. Sure.

The Chair: Okay. Will do. Thank you.

Please go ahead.

Mr. Fildebrandt: Thank you for being here today, Minister, and for presenting.

I'll cut right to it. It probably doesn't surprise you to know that we're very disappointed in the performance of your department and

your leadership of it to date. We have real concerns over the fiscal direction of this province and, frankly, about the competence of the direction this ministry has been given. In the last few months you have admitted to breaking the law, a law that you yourself passed and that I take very seriously. We've seen no plan whatsoever to balance the budget, merely a verbal commitment from you that we will somehow get there, without any details presented whatsoever about how that will actually be achieved. When we're dealing with a budget of this size, I think Albertans deserve better.

My questions are going to be on point, and I ask that answers be on point as well and straight to it. I've asked many of these questions in question period before and have not gotten answers to them, merely talking points. We ask specific questions, and we just get government talking points from the Public Affairs Bureau about slashing and burning and something about Saskatchewan. I ask that answers address the actual substance of the matter specifically today in detail.

I'll begin with page 155 of the business plan. You've said that you're going to balance the budget by 2024. You've moved your balanced budget date many times already. During the election it went from 2018 originally to 2019, after the election to 2020, '21, '22, '23, and now '24. Now you're on 2024. But your math only shows a fiscal plan headed to 2020 if we can even believe those numbers. Even if we could believe those numbers, we're nowhere near a balanced budget. Your commitment has been purely verbal, without any math shown whatsoever. Am I wrong, or do you have any math to substantiate your claim that you could balance the budget by 2024?

Mr. Ceci: Thank you very much. You know, we have a plan to balance. I think I have identified that as six years, 2023-2024.

Mr. Fildebrandt: I'm asking about math showing how you will get there.

Mr. Ceci: Yes.

Mr. Fildebrandt: Do you have expenditures for those years and revenues for those years leading up to it and on how you're going to get there?

Mr. Ceci: We have a three-year business plan, a fiscal plan, in front of you, and if you take a look at that, you'll see that each year, going forward, in this business plan we show smaller and smaller deficits.

Mr. Fildebrandt: For three years, but I'm talking about to get to 2024.

Mr. Ceci: As we continue in each year, we will continue to show you where the deficits are. We'll table our three-year fiscal plan, and we will get to balance.

Mr. Fildebrandt: I didn't ask about your three-year plan. I'm asking about your 2024 plan. We're in 2017, and you're saying that we're going to balance by 2024. Show me your math.

Mr. Ceci: Budget 2017 is about managing government expenses. We'll continue to do that. It includes a number of cost savings, and we will get to balance in 2023-2024.

Mr. Fildebrandt: That's not what I'm asking about in 2017. Minister, you're not answering the question. I didn't ask about your plans for 2024. I want to see math for 2019, '20, '21, '22, '23, and '24. You say that you're going to balance by 2024. What are your expenditures going to be in 2024, and what are your revenues going to be in 2024?

9:20

Mr. Ceci: We have a three-year business plan before you. Nothing is published as of yet. Nothing is published as of yet.

Mr. Fildebrandt: Okay. Minister, I don't want to ask questions to a wall.

Mr. Malkinson: Point of order, Mr. Chair.

Mr. Fildebrandt: I asked: what are your revenues going to be in 2024, and what are your expenditures going to be in 2024?

Mr. Ceci: That is not published as of yet.

The Chair: Excuse me. We've got a point of order.

Mr. Malkinson: Mr. Chair, I don't think we need to be referring to our guests that are in the room as a wall. I think we can treat them with a little bit more respect than that going forward.

The Chair: I'd just like to remind the member and the minister to please try to go through the chair. I understand that you want to ask questions back and forth.

Please go ahead.

Mr. Fildebrandt: I'm asking substantive questions. It's a very simple question. You say that you're going to balance the budget in 2024. What will your surplus be in 2024, what will your expenditures be, and what will your revenues be? Very simple questions if you have any idea.

Mr. Ceci: Zero. We will be at balance.

Mr. Fildebrandt: You'll have exactly a zero-dollars surplus, to the dollar?

Mr. Ceci: That's right. We are going to balance.

Mr. Fildebrandt: At zero dollars? You'll have a zero-dollars surplus? You're not going to have a \$1 surplus or a \$1 deficit?

Mr. Ceci: I have told the House and I've told many people that our path to balance gets us to balance in 2023-2024.

Mr. Fildebrandt: Well, I'm glad you have it down to the dollar. If you have it down to the dollar about what your deficit is going to be or what your surplus is going to be, can you tell us what your expenditures are going to be and what your revenues are going to be in 2024?

Mr. Ceci: Those are not published.

Mr. Fildebrandt: Those are not published. Do you know what they are, though?

Mr. Ceci: What we have published is a three-year plan, that's before you.

Mr. Fildebrandt: I didn't ask about your three-year plan. I'm asking about your 2024 plan. A very simple yes-or-no question: do you know what your expenditures will be in 2024, and do you know what your revenues will be in 2024? Yes or no?

Mr. Ceci: I do not.

Mr. Fildebrandt: Thank you.

Page 21 of the annual report. The credit rating was downgraded. What actions have you taken to improve our credit rating and get it back to where it was?

Mr. Ceci: I'll tell you about the actions in a second, but despite the previous changes Alberta has a credit rating that is high relative to most other provinces. We have a strong balance sheet as well. What we've done . . .

Mr. Fildebrandt: I'm not asking those questions. We've heard you on that before. I'm asking what you're doing to get our credit rating back to where it should be.

Mr. Ceci: What we have done is that we're available to talk on a yearly basis, probably more than on a yearly basis. The members of the administration talk to the various credit . . .

Mr. Fildebrandt: The last time you went to Toronto and did that, we got downgraded the next day. Do you have any plans to talk to them again?

Mr. Ceci: Yes.

Mr. Fildebrandt: Do you think we're going to get downgraded when you talk to them again?

Mr. Ceci: I will be laying out the government's plan to get back to balance. I will be laying out our plan to reduce our expenditures. I'll be laying out our plan to continue to support Albertans through this downturn.

Mr. Fildebrandt: The last time you laid out your plan to them, they downgraded our credit rating the next day. Do you think that your actions and your speaking with them influenced that?

Mr. Ceci: What I shared with you just now is that I shared the Alberta plan to invest in this province.

Mr. Fildebrandt: Yeah, but that's not my question. My question was: did your presentation to them influence them downgrading our credit the next day?

Mr. Ceci: You'll have to talk to them.

Mr. Fildebrandt: Okay. Credit-rating agencies take into account the government that is in charge and the odds of them being re-elected. Did any credit-rating agencies tell you how much the credit rating is dependent on the odds of your government not being re-elected in the next election?

Mr. Ceci: No.

Mr. Fildebrandt: No?

Page 70 of the Treasury Board and Finance annual report refers to the fuel tax. When the locomotive fuel tax was raised from \$0.015 a litre to \$0.055 a litre, was this intended to reduce emissions of locomotives or encourage people to use other forms of transportation?

Mr. Ceci: The change in the locomotive fuel tax was one we took to ensure there was a regular revenue stream, a steady revenue stream to the government of Alberta.

Mr. Fildebrandt: Was this about revenue or emissions?

Mr. Ceci: It was to regularize the revenue from locomotives.

Mr. Fildebrandt: What does regularize mean?

Mr. Ceci: To make sure it was in the average across Canada in terms of locomotive fuel taxes.

Mr. Fildebrandt: Okay. Given that Alberta constitutes 0.058 per cent of the world's GHG emissions, what price does this government need to put on carbon to meet your commitments for reducing emissions?

Mr. Ceci: This government has advertised what price it is putting on carbon.

Mr. Fildebrandt: I know what price you've said that you will, but what price actually needs to be on carbon to meet your goals?

Mr. Ceci: That will actually be the price we are going to put on carbon. We are dealing with, actually, the collection of those funds, and Environment is leading on the policy around the carbon levy amounts. We're collecting them here, but as you know, the price on carbon has led directly to two pipeline approvals. It means that we are following through with our own Alberta price.

Mr. Fildebrandt: My question is: what price needs to be on carbon to meet your targets for reducing greenhouse gas emissions. You originally said 30 cents a tonne.

Mr. Ceci: Thirty dollars.

Mr. Fildebrandt: Sorry. Thirty dollars a tonne. Then you said that you're going to acquiesce to Ottawa's demand for \$50 a tonne. Those are arbitrary political targets. What price actually needs to be on carbon to meet your greenhouse gas emission targets?

Mr. Ceci: You should direct that to the Environment ministry.

Mr. Fildebrandt: You call it a levy, and this levy is run through your ministry.

Mr. Ceci: Right.

Mr. Fildebrandt: I'm asking: why is it at that level? You're responsible for the collection of this?

Mr. Ceci: I'm responsible for collecting it.

Mr. Fildebrandt: Yes?

Mr. Ceci: Yes.

Mr. Fildebrandt: What plans are in place to adjust the carbon tax in the event that fuel consumption does not decrease after the carbon tax hits \$30 or \$50?

Mr. Ceci: We have a policy in place, the climate leadership plan. We'll be following through with that plan.

Mr. Fildebrandt: Okay, but in the event that emissions do not go down when the carbon tax is fully phased in, do you have plans to increase the tax at that point?

Mr. Ceci: You should direct that question to Environment, again.

Mr. Fildebrandt: This is a tax question, though. This is under page 33.

Mr. Ceci: If you're asking a policy question, which you are, then you should direct it to Environment. I collect the tax – I collect the levy.

Mr. Fildebrandt: Could you repeat that?

Mr. Ceci: Levy, levy, levy.

Mr. Fildebrandt: This brings me, actually, to another question. On page 33 there is a table that says, "Tax Revenue." The so-called carbon levy is listed under Tax Revenue. Can you just clarify: is the carbon levy a tax, or is this a misprint?

Mr. Ceci: It says, "Tax Revenue," and then under that it says, "Carbon levy." Those are both correct.

Mr. Fildebrandt: They're both correct?

Mr. Ceci: Yes.

Mr. Fildebrandt: So the carbon levy is a tax?

Mr. Ceci: The carbon levy is identified under tax revenue, yes.

Mr. Fildebrandt: We agree on something. Wonderful.

Page 5 of the annual report states that there were pre- and postbudget consultations. The chambers of commerce represent a very large majority of businesses in Alberta. Multiple chambers of commerce from different towns and cities have put forward recommendations to delay any further increases in the carbon tax to ensure that businesses have sufficient time to adjust to its associated costs. Were these recommendations received?

Mr. Ceci: A number of recommendations were received from . . .

Mr. Fildebrandt: Were these recommendations received from the chambers of commerce about delaying increases in the carbon tax?

Mr. Ceci: I imagine they were received by Treasury Board and Finance, yes.

Mr. Fildebrandt: Did you see them?

Mr. Ceci: I saw a book of 4,000 e-mails and other communications from all manner of Albertans.

Mr. Fildebrandt: These recommendations from the chambers of commerce about the carbon tax: what did you do with them?

Mr. Ceci: I, regretfully, declined to change the policy. The policy is what the policy is, and we're following through with that for the benefit of Albertans to ensure that we have a made-in-Alberta climate leadership plan, which helped approve two pipelines. Regretfully, I'm not able to address all of the recommendations made by Albertans, whether they're organizations or individuals.

9:30

Mr. Fildebrandt: Okay. Thank you.

Do you believe the chambers of commerce were wrong?

Mr. Ceci: I do not believe that they're right or wrong. They have an opinion. They shared it with me.

Mr. Fildebrandt: You don't share their opinion?

Mr. Ceci: I said that the policy is what the policy is and we're following through with that for the benefit of Albertans, yes.

Mr. Fildebrandt: Okay. On page 17 of the Treasury Board annual report it says that the government misjudged the fuel tax by \$64 million. If the carbon tax does not bring in as much money as you predicted, will the money be borrowed to cover the carbon tax and CLAP-related spending?

Mr. Ceci: We are experiencing less revenue in several streams as a result of the downturn in the economy, not only in that one area that you mentioned but also in liquor and gaming.

Mr. Fildebrandt: The carbon tax itself, though, was implemented and introduced after oil prices dropped, so there can't really be any excuse around the projections being wrong other than just, perhaps, bad projections. If you're not meeting your revenue targets for the carbon tax, are you going to have to borrow for CLAP-related spending?

Mr. Ceci: We identified the borrowing that we'll need to do in the area of general operations. It's roughly in the area of \$6 billion. In the area of capital it's roughly in the area of \$6 billion. The borrowing we had identified is what we'll be following through with.

Mr. Fildebrandt: Okay. For CLAP-related spending, which is different from the way you list a lot of your regular operational spending, I want to know: how much are you planning to borrow for CLAP-related spending, be it free light bulbs or rebates, et cetera?

Mr. Ceci: None.

Mr. Fildebrandt: You're not going to borrow a single dollar for CLAP-related spending?

Mr. Ceci: No.

Mr. Fildebrandt: Okay. Are you doing anything to improve the forecasting for this revenue stream?

Mr. Ceci: We always have, as I think I identified in my opening remarks, a number of people in our forecasting area and our economics area that will be continuing on a quarterly basis and even more frequently than that to update our estimates for the economy, for revenue streams, and other things.

Mr. Fildebrandt: How much money is being spent on administering the carbon tax rebates?

Mr. Ceci: It's a combination of a couple of areas. We have to bring in IT administration to support the carbon levy and the climate leadership plan rebates. In 2017-18 that's \$440,000. Treasury Board and Finance administers the levy. It's expected to cost in total, in addition to that \$440,000 that I just mentioned, \$2.5 million for the '17-18 fiscal year.

Mr. Fildebrandt: Sorry; what was that item for again?

Mr. Ceci: It's \$2.5 million.

Mr. Fildebrandt: For what?

Mr. Ceci: What you asked about.

Mr. Fildebrandt: Well, you're breaking down the costs.

Mr. Ceci: Administering.

Mr. Fildebrandt: That's administration?

Mr. Ceci: Yeah.

Mr. Fildebrandt: Okay.

Mr. Ceci: That includes IT operations and system development. As you remember, CRA does a significant portion of the work for us in Ottawa.

Mr. Fildebrandt: What's the cost related to the CRA work? Is that swallowed by the federal government, or is that taken out of revenues collected?

Mr. Ceci: Yes. The latter.

Mr. Fildebrandt: It's taken from the revenues collected?

Mr. Ceci: That's right.

Mr. Fildebrandt: What does that amount to?

Mr. Ceci: In total, it's \$2.5 million. That's not all for CRA, though. I don't have the breakdown at this time.

Mr. Fildebrandt: If I get this correctly, we spend \$3 million in-house for the administration of the carbon tax and then \$2.5 million in addition through the Canada Revenue Agency?

Mr. Ceci: That's not correct.

Mr. Fildebrandt: Can you correct me?

Mr. Ceci: I said that we spend \$2.5 million for the administration of this, \$2.5 million total, and that includes the new monies to pay for the contract for CRA. Is that – we'll get the answer.

Mr. Fildebrandt: So \$2.5 million in total, including in-house Alberta costs and CRA together?

Mr. Ceci: Treasury Board and Finance's costs, not Alberta government.

Mr. Fildebrandt: Okay. So that's not including other departments that might have a cost involved with the collection.

Mr. Ceci: It's not.

Mr. Fildebrandt: Okay. For the rebates. So \$2.5 million for Treasury Board and Finance. Does that include CRA? Is CRA included in there?

Mr. Ceci: They're contracted by Treasury Board and Finance.

Mr. Fildebrandt: So that's in addition to the \$2.5 million from Treasury Board and Finance?

Mr. Ceci: No. I'm saying that it's \$2.5 million.

Mr. Fildebrandt: It's \$2.5 million for Treasury Board and Finance. How much for CRA, separately from Treasury Board and Finance?

Mr. Ceci: I understand that CRA costs are in addition to that, and we'll get you that answer.

Mr. Fildebrandt: If I can get that in writing, please. If I can get a written response, that'll be great.

Would you have information on other ministries' costs incurred for the rebates and collection?

Mr. Ceci: No.

Mr. Fildebrandt: No.

In the Q3 update we saw that \$92 million was spent on rebates. The carbon tax brought in \$12 million less than anticipated at the release of the Q3 update. How much interest would be paid on the \$12 million that had to be borrowed to send Albertans the rebate cheques?

Mr. Ceci: How much interest would have to be paid on the monies borrowed? We didn't borrow money for this.

Mr. Fildebrandt: Where did the money come from?

Mr. Ceci: We have set out a plan, and we are following through with that plan. It's identified in our fiscal plan.

Mr. Fildebrandt: Okay. Well, that's not really an answer. That sounds like question period. Where did the money come from? You say that you have a plan. Where did the money come from?

Mr. Ceci: Yeah. I mentioned off the top that there were monies borrowed for the ongoing operational plan, 6 point something billion dollars, and about \$6 billion for capital. So it would have come from . . .

Mr. Fildebrandt: So it was borrowed, just not directly for this purpose.

Mr. Ceci: That's right.

Mr. Fildebrandt: It was borrowed.

Mr. Ceci: It was borrowed, not for this purpose.

Mr. Fildebrandt: So you borrowed it for something else but spent it on this anyway.

Mr. Ceci: No.

Mr. Fildebrandt: Okay.

In 2016-17, the government entered into agreements to pay annual amounts of \$97 million for fourteen years (\$1,358 million in total, over 2017-18 to 2030-31) for electricity generation facilities to transition away from use of coal . . . As there is no exclusion in the FPTA . . . that you introduced,

. . . for this extraordinary expense, the \$1,132 million increase in operating expense results in a lack of compliance with the [Fiscal Planning and Transparency Act].

That is taken from page 15 of the Q3 update.

During interim supply you admitted that you did in fact break the law with this \$1.1 billion to \$1.4 billion expense. Is there any consequence for breaking this law?

Mr. Ceci: I'm still here, so no. I have identified . . .

Mr. Fildebrandt: Are you implying that you might not be here?

Mr. Ceci: What I mean is that if you're looking for a consequence, the consequence is that we identified that in our Q3 update.

Mr. Fildebrandt: So when you break the law, all you have to do is admit that you broke the law, and everything is okay?

Mr. Ceci: We are fully transparent with the lack of compliance as a result of the OAG's recommendation.

Mr. Fildebrandt: Is it fair to say that lack of compliance could also be breaking the law?

Mr. Ceci: I have told you what I've done to be transparent, and that's what is required.

Mr. Fildebrandt: So why do we have this law, that you yourself wrote and introduced, if you can just break it that easily?

Mr. Ceci: The act itself does not set penalties.

Mr. Fildebrandt: Should it?

Mr. Ceci: I am confident with the way I've shared the difference in opinion that I have with the OAG in the Q3 updates. That was an extraordinary expense, as I identified here. I have been transparent in reporting this.

9:40

Mr. Fildebrandt: Are there any other laws that politicians write for themselves that we should change to ensure they do not have consequences?

Mr. Ceci: That's a broader question than perhaps I'm able to answer in Treasury Board and Finance estimates.

Mr. Fildebrandt: Okay. We'll make it more narrow again. If you would not repeal the 15 per cent debt ceiling law that you also wrote . . .

Mr. Ceci: One-five. One-five.

Mr. Fildebrandt: Yes; 15 per cent.

Mr. Ceci: Yeah.

Mr. Fildebrandt: The debt ceiling law that you yourself wrote and passed: if you hadn't repealed it, what legal sanction would you face for breaking it today?

Mr. Ceci: Again, it's somewhat hypothetical. I don't know.

Mr. Fildebrandt: It's not hypothetical. You passed a law. You said that you wouldn't hit 15 per cent. We said that you would hit 15 per cent. You said that we were crying wolf. It's clear that we're going to hit 15 per cent now – I think you'll admit that – so it's not hypothetical. You passed a law; you repealed your own law six months later. It's not hypothetical. What sanction would you face if you hadn't repealed that law?

Mr. Ceci: I would have complied with the 15 per cent rule had I left it in.

Mr. Fildebrandt: You would have stopped borrowing?

Mr. Ceci: I would have followed the rule. I changed it because in the interest of Albertans and what they require at this time, it was important, again, to be transparent and focus on the necessary things we need to do to get out of this downturn.

Mr. Fildebrandt: So why did you introduce it six months before you repealed it?

Mr. Ceci: Okay. Here's an answer to the other question.

Mr. Fildebrandt: If you'd just answer this question first.

Mr. Ceci: Yeah. I'll get back to the other one. Why did we introduce it? Because . . .

Mr. Fildebrandt: Why did you introduce it if you were just going to repeal it six months later?

Mr. Ceci: I introduced it because I believed it was in the best interest to identify where we were going with regard to debt to GDP.

Mr. Fildebrandt: We said that you were going to break 15 per cent, though. Why did you think we were wrong? Or did you think we were wrong?

Mr. Ceci: Again, this is about fiscal planning. Circumstances change. Those circumstances changed, and I needed to bring forward an amendment to the rule which wouldn't have allowed us to address the needs of Albertans.

Mr. Fildebrandt: All right.

Mr. Ceci: An answer to the previous question?

Mr. Fildebrandt: Yeah.

Mr. Ceci: On the carbon rebate, the CRA costs in 2016-17, those start-up costs: the operational total was estimated at \$4 million. The ongoing annual is expected to be in this range as well. Those are the start-up costs and the operational and the total estimated at \$4 million with regard to CRA costs as well as other costs.

Mr. Fildebrandt: So that's about 6 and a half million dollars a year just for the administration of the carbon tax rebates.

Mr. Ceci: That's \$4 million for the administration of the carbon levy.

Mr. Fildebrandt: Yeah. Plus \$2.5 million from Treasury Board and Finance. That's a fair chunk of money. Is that taxpayers' money well spent?

Mr. Ceci: Yes.

Mr. Fildebrandt: Okay. All right. Let's go to the favourite topic of the two of us. Let's talk about beer. The new beer tax policy came into effect August 5, 2016. In the months that followed, beer sales decreased quite significantly. In October alone sales were down 15.6 per cent. I'm not sure that we can blame the sales of beer on the price of oil, though.

Mr. Ceci: No. On the economy generally you can, though.

Mr. Fildebrandt: Well, I know people who buy more beer when they lose a job than when they have one.

Mr. Ceci: That's great.

Mr. Fildebrandt: How much of a decrease in revenue from alcohol tax, specifically from beer taxes, which made up 43 per cent of Alberta's liquor sales last year, is your ministry predicting to see in this year?

Mr. Ceci: Let me just go to the plan. While we're getting that information, I can tell you that – and some credit needs to go to the previous government with regard to taking the minimums off volumes . . .

Mr. Fildebrandt: That was a good move, yeah.

Mr. Ceci: . . . so that people could get licences to be brewers. That's helped. What has also helped is the small brewers development program, which has seen a growth of over 50 small breweries.

Mr. Fildebrandt: That's not my question. My question was . . .

Mr. Ceci: I'm just getting to your question now. With regard to liquor gross profit, I think your question was.

Mr. Fildebrandt: After the increase in beer taxes, sales were down 15.6 per cent from 2015, so how much of a decrease in alcohol taxes, specifically beer taxes, is your ministry predicting for the upcoming year?

Mr. Ceci: Actually, we show an increase from 2015-16. It's \$872 million, and now we estimate \$905 million gross profit from liquor.

Mr. Fildebrandt: The numbers I'm referring to, the decrease . . .

Mr. Ceci: What page?

Mr. Fildebrandt: I'll get that for you in a second here.

Sales were down 15.6 per cent from 2015. That is after the implementation of the policy.

Mr. Ceci: Sure. If you can show me the page and I can reference it, that would be helpful.

Mr. Fildebrandt: Okay. We'll get it for you.

This is the second year that beer tax changes were brought in by this government. Others that you've brought forward have been struck down in courts.

Mr. Ceci: We only raised the markup on beer one time.

Mr. Fildebrandt: You raised the markup once. Now it's a subsidy. So you raised it once, but that was found to be discriminatory in the courts.

Mr. Ceci: No. There is an injunction.

Mr. Fildebrandt: Then how come you have to change it?

Mr. Ceci: There's an injunction.

Mr. Fildebrandt: Yes.

Mr. Ceci: I haven't had to change it.

Mr. Fildebrandt: You're likely to lose in the courts, which is why you brought in a second system, with a subsidy program, which many contend constitutes still a backdoor tariff. It's probably in violation of our trade agreements. This is the second beer tax system around so far. If this one fails in the courts as well, will breweries be taxed based on geographical location, as it currently is, or will we go back to being based on production size alone?

Mr. Ceci: You're talking about a tax, and what you, I think, are trying to talk about is the small brewers development program. That's not a tax; that's a program to support small brewers.

Mr. Fildebrandt: Many are contending that it does constitute a tariff on out-of-province beers that fall into the small and medium-sized beer categories. That's why your government is being sued again. If you fail in court – I think you'll acknowledge there's a significant chance that you will fail in court – what plan do you have in place?

Mr. Ceci: The markup that we have for beer is the same price for all beer in this province.

Mr. Fildebrandt: Yeah, but you provide a cash subsidy for Alberta brewers only.

Mr. Ceci: That's true.

Mr. Fildebrandt: Under most definitions of a tariff or illegal subsidy, that kind of falls into it. There's a good chance you're going to lose in court.

Mr. Ceci: Our legal experts don't agree with you.

Mr. Fildebrandt: Okay. You're being taken to court for it right now.

Mr. Ceci: There's an injunction.

Mr. Fildebrandt: In the event that you lose – let's just talk hypothetically that you might lose – what's going to happen?

Mr. Ceci: I can't really talk hypothetically. It's a grant program that we think is in the interest . . .

Mr. Fildebrandt: It's not hypothetical. You must have a plan in place because if you lose in court, you have to have a system the next day. Do you have any plan in place if you lose in court?

Mr. Ceci: This is before the legal departments of the government of Alberta, and that's where it's going to stay.

Mr. Fildebrandt: I'm not asking for details of the court case itself. What I'm asking about is your policy specifically around this, which falls under your department and AGLC. What is your plan in place in the event that you fail in court?

Mr. Ceci: I'm convinced that we have the right grant program in place for Albertans.

Mr. Fildebrandt: I did not ask that.

Mr. Ceci: Sure.

Mr. Fildebrandt: In the event that you fail in court, what is your plan?

Mr. Ceci: In the event that there is a judgment, we will see what our options are at that point.

Mr. Fildebrandt: You have no plan in place, then, in the event that you lose in court.

Mr. Ceci: I don't know what the judgment is going to be. I'm confident that we have the right people working on it. We don't agree that it is something that is against the various programs that you talked about, whether they're the former AIT or other things. We know that other provinces do the same things, and they have been doing them for decades. Alberta is new to this in terms of a grant program that actually builds this important industry.

Mr. Fildebrandt: Thank you.

Both B.C. and Saskatchewan have said that this beer tax and perhaps tariff, depending on how you define this, go against the spirit of the New West Partnership trade agreement. If those provinces taxed our breweries the same way we are taxing theirs, would you be okay with this?

9:50

Mr. Ceci: You know, I would be okay if other provinces followed our most open market for beer sales in Canada.

Mr. Fildebrandt: Yeah. I agree that we should not have government liquor stores. That's a great feature of Alberta, and I'm

glad you agree with Ralph Klein on that. My question, though, was: if they put in place the same tax system as ours and our brewers faced the same tariff barriers selling into their provinces, would you be okay with that?

Mr. Ceci: Our brewers have faced those barriers for decades . . .

Mr. Fildebrandt: No. Our brewers face nontariff trade barriers like . . .

Mr. Ceci: . . . and that's why you won't see Alberta beer across the country.

Mr. Fildebrandt: No. It's a different system, though. It's a different system entirely. If our beers were taxed in other provinces the way other provinces' beers are now going to be taxed in Alberta, would you take issue with that?

Mr. Ceci: What I take issue with . . .

Mr. Fildebrandt: I did not ask what else you take issue with.

Mr. Ceci: . . . is the fact that Alberta breweries do not get into other provinces because of the barriers in place.

Mr. Fildebrandt: Yeah. We all agree on that. Again, that's not the question I asked.

Mr. Ceci: Okay.

Mr. Fildebrandt: I'm asking you a very specific question. I ask that you answer the question that I asked. If other provinces taxed Alberta beer the way Alberta is now taxing beer from other provinces, would you be okay with that? Yes or no?

Mr. Ceci: I don't comment on other provinces' taxes approaches in isolation.

Mr. Fildebrandt: If Alberta beers faced a tariff going to other provinces, you would not comment on that?

Mr. Ceci: Our beers face a markup here. Any beer faces a markup here, the same markup of \$1.25 per litre, and there are over 7,400 beer lines in this province as a result.

Mr. Fildebrandt: Moving on. On October 26, 2016, the Canadian Taxpayers Federation released documents detailing that large beer producers were raising the prices of discount beer because "opportunity exists to move up the floor on Deep Discount Value Beer in Alberta." This beer tax is causing beer inflation. How much inflation will it take before you reconsider your protectionist policy?

Mr. Ceci: Well, no. Go to a liquor store and pick up a six-pack of Alberta beer. You can probably get that for \$13, \$14, \$15 if you want . . .

Mr. Fildebrandt: But I'm pleading with you to answer the questions that I'm asking.

Mr. Ceci: . . . which is a good price.

Mr. Fildebrandt: Yeah, yeah. Through freedom of information we've got discount brewers stating that they can raise their floor price now because of this new tax policy, that they can take advantage of it to raise their prices on discount beers. That's beer inflation. Do you have any comment on . . .

Mr. Ceci: I have a markup policy, not a tax policy.

Mr. Fildebrandt: You think there's a difference between a markup and a tax for consumers?

Mr. Ceci: It's \$1.25 a litre. If you bring beer into this province and you want to sell it, that's what you have to pay.

Mr. Fildebrandt: How is your ministry keeping track of who has received what amount of beer subsidies, and how much has it cost to keep track of these changes?

Mr. Ceci: Just let me see. That program, the small brewers development grant program, is being delivered by the Agriculture and Forestry ministry.

Mr. Fildebrandt: Okay. In the event you lose in court again – there is a significant policy – you're going to owe a lot of back taxes to brewers across the country, perhaps even out of country. How much is your ministry on the line for, potentially, in back taxes in the event that you lose in court?

Mr. Ceci: If you're talking about the difference in markup that the two companies have taken out an injunction around, that exact number I don't know, but our legal experts don't agree with your assessment, number one.

Mr. Fildebrandt: Okay. Agree or not – and I'm not a lawyer. I don't know if you're going to lose in court. I just know that there's a significant chance that you will because you've already lost in court on this before. I'm asking: how much are taxpayers on the hook for in potential back taxes in the event that you lose in court?

Mr. Ceci: The case is before the courts. I don't have any further details to provide you at this time. But we believe that the work we're doing now is in the best interests of Alberta.

Mr. Fildebrandt: Okay. That's not the best.
How much are you spending on funding this legal challenge?

Mr. Ceci: I don't have that number. I don't have that amount, but again . . .

Mr. Fildebrandt: Can you provide it in writing?

Mr. Ceci: . . . I cannot provide any further details with regard to the court case. We haven't lost anything. It's an injunction. It's not a decision from the courts.

Mr. Fildebrandt: Yeah. It's an injunction because obviously the courts feel that there are at least grounds for an injunction.

Mr. Ceci: You keep saying that we've lost. We haven't lost.

Mr. Fildebrandt: Well, you've already had to change your policy once.

I want to know how much you're spending to fight this in court.

Mr. Ceci: Right. As you've identified, it is still before the courts. There is no decision from the courts, so we do not have a total . . .

Mr. Fildebrandt: Yeah, but how much are you spending? You know that.

Mr. Ceci: We do not have a total amount in terms of the defence of that properly guided policy.

Mr. Fildebrandt: How much has been spent so far?

Mr. Ceci: I do not know.

Mr. Fildebrandt: Can you tell me?

Mr. Ceci: We don't have a total. No.

Mr. Fildebrandt: Okay, but can you provide it in writing afterwards? I can be patient.

Mr. Ceci: It's probably best to look at the whole decision in its entirety and to have a total at that point.

Mr. Fildebrandt: I'm interested to know how much has been spent to this point, both for the first injunction and the case currently before the courts now. I'd like to know: can you provide in writing how much you've spent on court costs to date?

Mr. Ceci: We can.

Mr. Fildebrandt: Thank you.
When the case is concluded, can you provide the entire cost?

Mr. Ceci: We can.

Mr. Fildebrandt: Thank you.
Let's move on from beer, as fascinating as it is. What's being done to save money during the collective bargaining process?

Mr. Ceci: The public-sector working group is providing overall mandates to public-sector bargaining tables, that are ongoing at this point in time. We are needing to address generally the size of the budget, knowing that wages of public-sector employees and related agencies are approximately half of the operational costs on a yearly basis. We are doing many things to ensure we're getting ready for that.

We are also taking steps to reduce staffing costs across government by prudent action. I've talked about a number of those things: hiring restraint throughout the civil service; frozen salaries for management and non-union staff; frozen wages of all of us around this table for a period of the term as well as political staff; and other things to include the agencies, boards, and commissions and their management staff in terms of freezing their salaries as well as cutting CEO salaries. That helps, but obviously when we go into negotiations, we'll be looking for the proper kinds of agreements with . . .

Mr. Fildebrandt: Are you going to be asking for a freeze?

Mr. Ceci: You know, we as government respect the people who work for us. We know that labour negotiations go on at the table, and at negotiating tables you have to be able to look across the table and see a person who can negotiate fairly. It would not be fair to do that here at this point with you, either in the media or in this room or in the Legislature. That negotiation occurs in one place only, and that's at the negotiating table.

Mr. Fildebrandt: Do you believe that Kevin Daveiuk can sit at that table and represent taxpayers fairly?

Mr. Ceci: The question is?

Mr. Fildebrandt: Kevin Daveiuk: can he sit at the table and represent taxpayers fairly?

Mr. Ceci: He's not a member of the bargaining tables you're referencing.

Mr. Fildebrandt: Chief negotiating. Can he represent taxpayers fairly in this process?

Mr. Ceci: He is not at the table. I just need to make that clear. Can he represent the government of Alberta properly?

Mr. Fildebrandt: Taxpayers fairly.

Mr. Ceci: Yes. He works for the government of Alberta.

Mr. Fildebrandt: You don't believe that there's a conflict of interest there?

Mr. Ceci: Of course not. He is the person who guides the public-sector working group, gets advice and direction, and he is working for the best interests of the government of Alberta.

Mr. Fildebrandt: On page 151 of the business plan performance measure 1(a) says that operational expense growth won't exceed CPI plus population. What guarantees can you give us that the budget will not exceed CPI plus population for the next three years?

10:00

Mr. Ceci: Did you say page 151?

Mr. Fildebrandt: Yeah.

Mr. Ceci: The plan laid out before you is the one that we're going to follow, and it's built on keeping our operational spending below those two criteria combined.

Mr. Fildebrandt: When you say "operational spending," does that mean operational spending as most people would define it, or, like, does it include all spending from the CLAP?

Mr. Ceci: All spending from . . .

Mr. Fildebrandt: The climate leadership action plan. Does it include that?

Mr. Ceci: Yes, it includes that.

Mr. Fildebrandt: Well, page 13 of the fiscal plan says that CPI plus population growth will average 3.3 per cent for the next three years. It also claims operating expense has only gone up 2.2 per cent in this budget.

Mr. Ceci: Yeah. This year.

Mr. Fildebrandt: Yeah. But it's difficult to say that you can plug disaster spending or illegal mid-year spending boondoggles like the coal closure into a forecast amount not budgeted for the year, then compare this year's budget total, and say that you're hardly increasing it. You're adding significant in-year spending. We know that there's going to be disaster spending every year, yet your government refuses to actually budget for it. We spend on average \$500 million a year on disasters. That's been in place for well over a decade. We know we're going to spend that every year, but you plug it in mid-year anyway, and then you've got illegal spending like the coal shutdown boondoggle. Are you actually keeping your spending increase this year under CPI and population when you take into account disaster spending, which we know we were going to spend anyway, and the coal shutdown?

Mr. Ceci: With regard to the 2.2 per cent that we will keep operations spending at this year, it does not include disaster spending. Those are extraordinary expenses, and by their nature they can't be included in this projected spending.

Mr. Fildebrandt: What about the illegal payment for the shutdown of coal?

Mr. Ceci: That was last year. Again, as was identified in the Q3 update, it was an extraordinary expense.

Mr. Fildebrandt: Yeah. But you did exceed CPI and population if you include your illegal payments for the shutdown of coal.

Mr. Ceci: It was an extraordinary expense. We did 3.9 per cent, which is lower than the previous government's 4.2 per cent in 2014-15 although not as low as some other . . .

Mr. Fildebrandt: But if we're going budget to budget, you've already shown that you're willing to include significant in-year spending not even approved by the Legislature, which puts you over CPI plus population. What assurance do we have that you're not going to do that again?

Mr. Ceci: We've laid out a plan here before you and Albertans and the opposition.

Mr. Fildebrandt: But you didn't stick to it last year. You spent between \$1.1 billion and \$1.4 billion of illegal money. What assurance do we have that you're not going to do that again?

Mr. Ceci: If extraordinary expenses come up, we'll have to address them at the time.

Mr. Fildebrandt: If you look at page 114 of the fiscal plan, where operating expenses are totalled, the 2016 budgeted amount is \$44.4 billion, and this year's is \$46.7 billion. I've double-checked the math, Minister, and that's more than a 5 per cent increase over last year's budget. Am I wrong?

Mr. Ceci: Can you point out the pages you're looking at again?

Mr. Fildebrandt: Page 114.

Mr. Ceci: As we're doing that, I just want to remind people that supplementary estimates were approved by the Legislature, so everything we are doing is approved as we go along.

Mr. Fildebrandt: I'm talking about the fiscal plan here, page 114. The 2016 budget amount is \$44.4 billion. This year it's \$46.7 billion.

Mr. Ceci: Right.

Mr. Fildebrandt: That's more than CPI plus population, or am I wrong?

Mr. Ceci: That's from budget. From forecast we are less than CPI plus inflation.

Mr. Fildebrandt: Sorry. What?

Mr. Ceci: From forecast. If you look at the '16-17 forecast of where total operating expenses will be – and we'll know finally at year-end report – if you go from \$46.2 billion to \$46.7 billion . . .

Mr. Fildebrandt: That includes your illegal \$1.1 billion to \$1.4 billion.

Mr. Ceci: Which were approved in supplemental estimates.

Mr. Fildebrandt: Well, we didn't approve them; you approved them. That was illegal money spent before the Legislature had a

chance to approve it. I'm talking about budgets here. Yeah, if you compare budget to budget, you would have been under CPI and population.

Mr. Ceci: No. Forecasted budget.

Mr. Fildebrandt: Yeah, your forecasted budget. But you've demonstrated on a pretty regular basis that you can't stick to your budget. You forecast that your budget is going to be under 3.3 per cent combined CPI and population, but you consistently don't stick to your budget. What assurance can taxpayers have that you're not going to exceed CPI and population every year?

Mr. Ceci: They can look at this budget, and they can hold us to the achievements we make at every quarterly update as well as the end of the year. They can look at the documents that we table showing where we are as a government on spending.

Mr. Fildebrandt: Am I wrong to say that you are subtracting climate operating spending out of your general operating spending? Am I mistaken when it looks to me like you subtract operating spending related to the CLAP?

Mr. Ceci: The total operating forecast at the end of the year will be \$46.248 billion.

Mr. Fildebrandt: Does that include all operating spending for CLAP?

Mr. Ceci: Does it include all operating spending? Climate leadership nets to zero.

Mr. Fildebrandt: I'm looking at page 13 of your budget. It says: total expense excluding climate leadership plan. That's the operating spending that you list in the budget. Then below that there's the operating spending for the CLAP.

Mr. Ceci: Climate leadership nets to zero. It's not included because all monies coming in are expended.

Mr. Fildebrandt: Well, that's not true because you're borrowing for things like the rebates.

Mr. Ceci: No, we're not borrowing for rebates.

Mr. Fildebrandt: You just told me, like, 20 minutes ago that you were.

Mr. Ceci: I think I told you that I wasn't borrowing for rebates.

Mr. Fildebrandt: Well, no. You're borrowing for operations, and then you transfer the money to rebates, so it's not net zero. The rebates are largely borrowed money. You've already admitted that, about 25 minutes ago. You're borrowing for it. You're borrowing not for the purpose of it, but that's still borrowed money, so it's not net zero.

Mr. Ceci: I'm borrowing for the operational plan.

Mr. Fildebrandt: What does net zero mean if you're spending more than you're bringing in?

Mr. Ceci: We're not spending more than we're bringing in.

Mr. Fildebrandt: Then why did you have to spend borrowed money on the rebates?

Mr. Ceci: We are rebating money back to Albertans as part of the climate leadership plan. We're investing in other parts of the climate leadership plan.

Mr. Fildebrandt: Does CPI plus inflation count CLAP spending or not?

Mrs. Rosen: No.

Mr. Ceci: Okay.

Mr. Fildebrandt: Why does it not count? It's a tax hike, but it is spending. It is still spending even though you're raising taxes for it. Even if it was net zero, because it's got a dedicated revenue source for a dedicated spending end, it's still a tax increase, and it's still a spending increase. How could you not count that towards your spending increase?

Mr. Ceci: It nets to zero. We are looking at the first full year of this implementation. We require a great deal more trending on a year-on-year basis before we include it.

Mr. Fildebrandt: Okay. You are spending money from the carbon tax. Am I correct?

Mr. Ceci: The climate leadership plan has revenue that we are investing and rebating, yes.

Mr. Fildebrandt: So you're spending money from the carbon tax, or we can even call it a levy for the purpose of this. You're spending carbon levy money.

Mr. Ceci: Yeah.

Mr. Fildebrandt: You're spending money, but you don't include spending that money in your spending increase. Am I correct?

Mr. Ceci: Yes. That's because it all nets to zero. On page 61 of the fiscal plan . . .

Mr. Fildebrandt: Okay. If we have taxes collected from specific purposes like alcohol and cigarettes that go to a specific source, should they not be counted as spending?

10:10

Mr. Ceci: With regard to the climate leadership plan, on page 61 of the fiscal plan you'll see where money coming in, money expended . . .

Mr. Fildebrandt: Yeah, you're spending, but you're saying that you're not spending for the purposes of CPI and population. You're playing a shell game.

Mr. Ceci: No. We provided budget details on page 61 to show you where the monies come in and where they go out.

Mr. Fildebrandt: Yeah. But you're spending money, and you're saying that for the purposes of keeping spending under population and inflation, you're not spending money.

Mr. Ceci: The question is?

Mr. Fildebrandt: How can you not count that in your operational spending? Why would you exclude that from CPI plus population? Isn't that preposterous?

Mr. Ceci: Because it nets to zero.

Mr. Fildebrandt: So if you're collecting taxes from alcohol and tobacco and you put that money towards a specific purpose, would you count that as not spending money because it nets to zero? If all the money that we collected from tobacco taxes went to health care, could we say that you're not spending money, then?

Mr. Ceci: By law, with the act that we have in place, all the money coming in for the climate leadership plan has to go out as well.

Mr. Fildebrandt: Yeah. But you wrote that law. You made that law.

Mr. Ceci: That's right.

Mr. Fildebrandt: That doesn't make it right. That doesn't make it even sane. It doesn't make it clear or accountable. You wrote it. Because money goes to a specific, dedicated spending source and it's collected from a specific source, does it therefore not count as spending under the way you would do it here?

Mr. Ceci: It does count as spending. We're investing that back with Albertans and with companies.

Mr. Fildebrandt: Why does it not count towards CPI plus population?

Mr. Ceci: Because it nets to zero. There's no impact.

Mr. Fildebrandt: Okay. So if you imposed a health tax or a health levy, whatever you call it – let's say that you did that and you spent that money on health care. Would you say that you're not spending money for the purposes of CPI and population?

Mr. Ceci: It's different. We don't have a health care levy.

Mr. Fildebrandt: I'm glad that we don't, but if you did and you spent it on health care, would you say that you're not spending money for the purposes of CPI plus population?

Mr. Ceci: You know, the question would suppose having a health care levy, which we don't.

Mr. Fildebrandt: Yeah. I'm asking. It's not a very theoretical exercise. We already have other dedicated taxes that go to dedicated things.

Mr. Ceci: Are you advocating that we bring in a health care tax?

Mr. Fildebrandt: Most certainly not. It's possibly one of the only things I've agreed with you on.

Mr. Ceci: All right. Then we're spending a lot of time talking about a health care tax that neither of us wants to bring in.

Mr. Fildebrandt: Okay. Well, let's talk about carbon tax because you collect it and because you spend it. Because you spend it on something, you don't think that it counts as spending?

Mr. Ceci: Because it nets to zero.

Mr. Fildebrandt: So with every tax that we bring in, if we spend it and it nets to zero because we spend that tax, it doesn't count as spending.

Mr. Ceci: No.

Mr. Fildebrandt: Do I understand you correctly?

Mr. Ceci: Just this one because it is required by the law that we brought in.

Mr. Fildebrandt: Because you wrote the law. That's not some constitution. That's not some higher principle. You wrote the law. It's not a good law. Most Albertans hate the law. You wrote it. You're saying: just this one. Why this one and not other dedicated taxes? [interjections] Now, I know that the members across are probably going to ask a bunch of puffball questions that aren't going to matter, but I'd appreciate it if they let real questions be asked for the time being.

Mr. Ceci: You have to go back to the climate leadership plan and the act that is there.

Mr. Fildebrandt: Why just this one?

Mr. Ceci: Because that's what we told Albertans we would do.

Mr. Fildebrandt: No. You didn't tell Albertans that you would do this in the election. You deceived them. You say: just this one. Why just this one?

Mr. Ceci: This is a made-in-Alberta plan to reduce carbon emissions . . .

Mr. Fildebrandt: That's not the question I asked.

Mr. Ceci: . . . and to reinvest those monies collected back into Alberta.

Mr. Fildebrandt: You can not answer questions I ask in question period, but here I want real answers. Why just this one? Why does only this tax and no other tax in Alberta – alcohol, tobacco, income, business, fuel, anything else – why does just this one, to quote you, count as not counting towards spending? Why just this one?

Mr. Ceci: Because this law was written that way.

Mr. Fildebrandt: Why did you write the law that way?

Mr. Ceci: It doesn't . . .

Mrs. Rosen: Fully recycled.

Mr. Ceci: Yeah, I know.

We told Albertans – we did – that we would fully recycle these monies back into Alberta. That's what we're doing, and it has led to the approval of two pipelines.

Mr. Fildebrandt: Again you're not answering the questions. I like that you've broken out the green slush fund here, but will you commit in future budgets to include all of your spending from the green slush fund in operational expenses? No one is buying that this does not count as spending just because you wrote a bad law that says that it's so.

Mr. Ceci: This is done in accordance with the OAG, so we feel we're on good grounds in doing it the way we're doing it. We're going to continue to do it this way.

Mr. Fildebrandt: Will you commit to putting spending from the green slush fund in operational expenses in your next budget?

Mr. Ceci: No.

Mr. Fildebrandt: No.

I'm done. We're not getting answers here.

The Chair: You're ceding the rest of your time, sir?

Mr. Fildebrandt: A minute and a half. I'll let it go.

The Chair: Would anybody else in the caucus like to ask a question?

Hearing none, we will move on to the member from the third party. Please go ahead.

Mr. McIver: With the minister's concurrence I'll share time with him, Mr. Chair.

The Chair: Thank you very much.

Mr. McIver: Thanks, Minister. There's a lot of ground to cover, and I'll try not to waste your time. I'd be grateful if you could try to answer my questions.

Beaverlodge has been in the capital plan for three years now with no expenditures. Will there be expenditures this year on the Beaverlodge hospital?

Mr. Ceci: You know, that's probably a question, Member, to better direct to a different ministry than mine.

Mr. McIver: All right. Then let's move on. Do you know how many businesses left Alberta in 2016?

Mr. Ceci: Actually, I know that Alberta continues to have great advantages for business to come here.

Mr. McIver: Okay. That would mean you don't know how many businesses left Alberta in 2016?

Mr. Ceci: I'm sure there are estimates of the number of businesses that have left Alberta. I don't have that estimate.

Mr. McIver: All right. Do you know how many businesses dissolved in 2016 in Alberta?

Mr. Ceci: No.

Mr. McIver: Okay. Both those things affect your revenue, Minister. That's why I'm asking.

Mr. Ceci: Ah.

Mr. McIver: Do you know what the default rate on student loans in 2016 is compared to previous years?

Mr. Ceci: I think we have that number. Certainly, the Minister of Advanced Education would have that number, but I don't have it here today.

Mr. McIver: Okay. Do you know how much the average weekly earnings of government of Alberta employees increased in 2016?

Mr. Ceci: Government of Alberta employees?

Mr. McIver: Yes, please. What was the change in average weekly earnings?

Mr. Ceci: Let me just see if we have that number here. We have it for . . .

Mr. McIver: And if it's convenient, what do you project the average weekly change will be in 2017 as well?

Mr. Ceci: For government employees?

Mr. McIver: Yes, please. The ones you pay.

Mr. Ceci: Sure. I don't have that breakout here.

Mr. McIver: Can I get it in writing later on, Minister?

Mr. Ceci: I can tell you in the past where that was. Going forward, though . . .

Mr. McIver: With all due respect, the answer needs a number, and I'd be grateful if you could get it for me later if you can't get it for me now.

Mr. Ceci: Sure. The only caveat I'd put on is that it might be affected by settlements of contracts that we don't know at this point in time. I can give you the information going back, but I can't give you the information going forward.

Mr. McIver: Fair enough. What do you anticipate the settlement of contracts will be in 2017-18?

Mr. Ceci: In 2017, going forward?

Mr. McIver: Yes, please.

Mr. Ceci: Again, I'm not going to be able to give you the answer to that because the answer really needs to come out of tables that are ongoing at this time. Negotiations, unfortunately, won't happen here today. Again, I can give you changes to average weekly earnings of government employees in the past.

Mr. McIver: Okay. Thanks. Minister, through the chair, of course, do you know what the uptake and the measurable impacts have been, or what you expect them to be, of the investor tax credit? Do you have targets for that?

Mr. Ceci: Yeah. Certainly, Economic Development and Trade is tracking that, and I can try and endeavour to find that number.

Mr. McIver: What about the capital investment tax credit? Same thing?

Mr. Ceci: Yeah. Both of those would be tracked by Economic Development and Trade.

Mr. McIver: All right. Mark me surprised that you don't track it in your department, but I accept your answer.

Mr. Ceci: I just need to remind you that we did set up the program but then transferred the implementation over to Economic Development and Trade.

Mr. McIver: Okay. What about the small-business tax instituted on January 21, 2017? Do you know what the . . .

Mr. Ceci: The total amount?

Mr. McIver: Yes, please.

Mr. Ceci: The total amount on a yearly basis is in the neighbourhood of \$185 million.

10:20

Mr. McIver: One hundred and eight-five million dollars. Okay.

Mr. Ceci: That's to reduce it from 3 per cent to 2 per cent for all eligible Alberta small businesses.

Mr. McIver: Okay. Loans to seniors for home repairs: any idea what's been loaned out to seniors for home repairs?

Mr. Ceci: That would be tracked through the Minister of Seniors and Housing.

Mr. McIver: All right. Well, let's keep trying, Minister. I live in hope.

Alberta Treasury Board's economic diversification loans: that's got to be Treasury Board. You can't tell me that's not Treasury Board. How much in economic diversification loans have gone out, please, Minister?

Mr. Ceci: You know, that's not how I – can you tell me the page you were on?

Mr. McIver: I'm just looking for the – you have a program through ATB for economic diversification loans.

Mr. Ceci: Oh, okay. ATB. Sorry.

Mr. McIver: How much money did ATB lend out so far?

Mr. Ceci: Yes, we have that. I just didn't recognize the name of the program you were talking about.

Mr. McIver: All right. Sometimes I talk fast, Minister. I'll take the blame for that. ATB, please.

Mr. Ceci: ATB Financial?

Mr. McIver: Yes.

Mr. Ceci: As you rightly point out, ATB Financial is lending monies out. By giving that financial institution \$1.5 billion in liquidity and capital to expand small and medium-sized business loans, ATB increased its loans by \$335 million during its fourth quarter. That's the number.

Mr. McIver: Okay. AIMCo: are you comfortable that future appointments will be of people that have adequate financial expertise to maintain the high level of return to Alberta taxpayers that the past AIMCo board members have? I'm not talking about the appointments to date; I'm thinking of the seven coming up here.

Mr. Ceci: Sure. Yeah. Thank you for the question. I am really confident that AIMCo will be able to bring in and keep their high level of appointees to that board, both the existing board members and subsequent new ones that come on.

Mr. McIver: Okay. All right. Well, that's nice to hear, Minister, but that leads me to the next question. Why did you lower the standards that you're able to appoint people by, then, if it's so important to you to do that? I'm happy that it's important to you. It just leaves me with the obvious question: why did you lower the standards that people could have when you appoint them?

Mr. Ceci: I disagree that the standards have been lowered. I think they have been rationalized so that redundant provisions in the AIMCo bylaws were removed and specifically brought in line with the government of Alberta's APAGA guidelines, which are for all ABCs.

Mr. McIver: Okay. Well, all right. Let's just agree to disagree on that.

Could you explain the potential impacts on AIMCo of Total Energy's takeover of Savanna Energy, which AIMCo invested in last year? How will that affect AIMCo?

Mr. Ceci: AIMCo takes care of its own investment decisions. Government does not involve itself in those investment decisions. What we have done is been involved with the governance of AIMCo to the extent that I just explained. AIMCo continues to achieve a rate of return that's significant in terms of investments.

Mr. McIver: Yeah. I'm aware of that. Okay. I thank you for that. AGLC: Minister, you're in charge of that, yes?

Mr. Ceci: Yeah.

Mr. McIver: Charitable funding has become a major source of frustration for a lot of nonprofits, which help Albertans during this time of need. Have you done anything to address the widespread concern that AGLC rules are ambiguous and inconsistently applied?

Mr. Ceci: Actually, that's not a complaint that has come to me. I certainly am aware of the gaming model we have in this province and how the previous government set that up. The government of Alberta in terms of AIMCo makes sure that their governance is in good shape. I've appointed two people recently to that board, and there are more appointments coming up in addition to the chair. On the governance end of things they're pretty well organized.

Mr. McIver: Minister, I have to ask you, then: do you know the AGLC rules and how they work?

Mr. Ceci: Yeah.

Mr. McIver: Yes?

Mr. Ceci: Generally, yeah.

Mr. McIver: So that's a yes.

Mr. Ceci: Generally. Sure.

Mr. McIver: Okay. Are you happy with them, or do you plan on modernizing them at any time in the future? That is a goal that the government had and it set aside, so are you still planning on modernizing those rules that you know of?

Mr. Ceci: You know, we're always looking to evaluate possible improvements to the charitable gaming model that will benefit charities, operators, and players.

Mr. McIver: Since we're talking about this year's business plan, will you do it this year, Minister?

Mr. Ceci: We will take steps through AIMCo making recommendations to . . .

Mr. McIver: No. AGLC. I'm just trying to keep us on the same track, Minister.

Mr. Ceci: Everyone is trying to keep me on the same track. Thank you.

So AGLC: yes, there will be improvements coming forward.

Mr. McIver: This year?

Mr. Ceci: Yes. There will be improvements coming forward this year to update or improve the way AGLC does different things. I

just need to remind you that happy hours were one thing that got improved. Young performers in bars was another thing that came forward that was improved, and we'll look for other things as we go forward.

Mr. McIver: Okay. I appreciate this, but if you don't mind, I've only got nine more minutes to ask you questions, Minister.

I want to talk to you about your revenue projections. For what year do the revenue projections that you have put forward include new pipelines? Is it for this year, 2017-18? Is there any new pipeline revenue in 2017-18 revenue?

Mr. Ceci: No. It's 2020.

Mr. McIver: Okay. So up until 2020 there is no pipeline revenue in your projections?

Mr. Ceci: Correct.

Mr. McIver: Okay. How much revenue do you anticipate getting from pipelines in 2020? New pipelines, of course, we're talking about.

Mr. Ceci: Just give us a second.

Do you have another question while we look for the official one for that one?

Mr. McIver: Yeah, I do. The bitumen royalty: you estimated that to double pretty much in 2017-18 over 2016-17. What do you attribute the doubling of bitumen royalties to?

Mr. Ceci: Production in the . . .

Mr. McIver: Volume or price or both or some other?

Mr. Ceci: I'm on page 75.

Mr. McIver: I'm looking on page 32 of the fiscal plan, where you've got a nice little chart that says Nonrenewable Resource Revenue in millions of dollars. You've got bitumen from \$1.2 billion to \$2.5 billion, essentially doubling it. I think that you would agree that's a good reason for me to ask that question.

Mr. Ceci: Did you say that you are on page 35?

Mr. McIver: Page 32.

Mr. Ceci: I'll just point you to page 75 of the fiscal plan. It's got the importance of pipeline access. The answer to your first question is in there.

Mr. McIver: Okay.

Mr. Ceci: The increase in bitumen royalties: I think it says in the narrative the reason for bitumen royalties going up.

Mr. McIver: All right. Well, let's go back to the pipelines for a minute. Now, you told me – and it was a good answer; I appreciated it – that you're expecting pipeline revenue in 2020.

Mr. Ceci: Sure.

Mr. McIver: Is that from both new pipelines or just one new pipeline, Minister? And is that full year or partial year?

Mr. Ceci: Just let me look at the narrative here. Line 3 is expected to come on 2020 and Trans Mountain in 2021. AE estimates

producers will receive \$2 to \$7 more per barrel, so they are paying less for freight in terms of full capacity on other pipelines or trains.

Mr. McIver: Because you've got \$2 billion in 2019-2020 in new revenue, I'm presuming that . . .

Mr. Ceci: You're on bitumen royalties now?

Mr. McIver: Bitumen royalties, yes.

Mr. Ceci: Okay.

10:30

Mr. McIver: Okay. Let's move on if you don't mind, Minister.

Mr. Ceci: I don't.

Mr. McIver: In 2016 Minister Mason referred to Alberta's macroeconomic model as your source of budget forecasts. Have you made any changes to Alberta's macroeconomic model for the 2017 and beyond numbers?

Mr. Ceci: Yes. There is a rather excellent economic outlook section here on page 63, and we would use that as the basis for the fiscal plan. The assumptions are on page 66. You can see what assumptions we had, the actuals for '15-16, the estimates.

Mr. McIver: That's good. I'm glad you pointed to that because that's my next question. I think you said earlier, when you were answering questions from my colleague from the Official Opposition, that things change and that you have to make different decisions. Are you still comfortable, still agreeing with the assumptions on the prices of oil and gas that are on page 66, that you just referred to?

Mr. Ceci: Yeah. You know the process we take to come up with those estimates. We look at private-sector forecasters and take the conservative numbers, and \$55 for the fiscal year starting April 1, 2017, is seen as a conservative amount. We've risk-adjusted that by \$500 million, so today, for instance, it's \$52 and change. We pretty much have covered that \$55 a barrel with the risk adjustment. That brings it down to about \$53. Yeah, we're comfortable with these in place.

Mr. McIver: Okay. What about your other indicators? Are you comfortable still with the other indicators, the employment percentage change, the unemployment rate, average weekly earnings, those types of things?

Mr. Ceci: So other indicators?

Mr. McIver: Other indicators: are any of those troubling you now, or are you still comfortable with what you put forward?

Mr. Ceci: We're comfortable. Of course, I want to remind that Alberta created more than 20,000 full-time jobs last month.

Mr. McIver: That's really good after losing 200,000. Nonetheless, you got 10 per cent of them back, and I congratulate you for that, Minister.

Mr. Ceci: That number seems to get bigger all the time. It's 200,000 now.

Mr. McIver: It does, and it's a grave concern to Albertans that it's bigger.

Mr. Ceci: It's not accurate, but that's fine.

Mr. McIver: Minister, could you speak to the relative sizes of the public sector? How much do you expect in terms of FTEs? I know it's in there, but because it's been a few months since this was printed, what do you expect your FTEs to change by during this year and the next fiscal year?

Mr. Ceci: Sure. To address the necessary programs and services Albertans require, we need to have FTEs to deliver some of those.

Mr. McIver: Yeah, I know, to collect the carbon tax and such. You talked about that \$7 million.

Mr. Ceci: Sure. The size of the public service: you know, we're the second-smallest public service per capita in the country. We want to ensure that every dollar is spent wisely on FTEs. We made a significant number of hiring decisions for child welfare and child protection.

Mr. McIver: This is all interesting, but I'd still prefer a number in your answer at some point, Minister.

Mr. Ceci: Okay. There is an FTE number, 871 FTEs. We show an increase of that many FTEs for Budget 2017. It includes Crowns, court clerks, child protection.

Mr. McIver: All right. I've got about a minute left, Minister. I'm going to key off what you just said. You said that Alberta has the second-lowest number of FTEs per capita, but we have by a fair amount the highest cost. How do you square those? How do you bring those two numbers together? How do you explain that?

Mr. Ceci: It is a challenge.

Mr. McIver: I know, but if you don't mind, how do you explain it? What you call the low number of FTEs versus the high cost per capita for the public service: how do you bring those two numbers together? What explains those two numbers?

Mr. Ceci: Sure. You know, we have an economic environment that compensates those people who are working for government at levels that are reflective of our economic growth and the labour market pressures that were in Alberta at the time. I think there was a high cost.

Mr. McIver: Are you saying that government employees are well paid?

Mr. Ceci: I'm saying that government employees relative to other nonprofits are well paid, yes.

Mr. McIver: To other nonprofits? You consider government a nonprofit?

Mr. Ceci: I do.

Mr. McIver: Businesses that are nonprofits aren't around very long.

Minister, the nonrenewable resources make up \$3.7 billion of the \$45 billion expected. One of your major plans is to phase out coal, which will also reduce the royalties Alberta earns. How do you plan to replace that structural loss in revenue when coal goes away?

The Chair: Thank you very much, gentlemen.

Mr. McIver: So little time, so many questions.
Thank you, Minister. Thanks, Chair.

The Chair: As previously agreed, we'll be taking a break. We'll take a five-minute break and reconvene at 10:41.

[The committee adjourned from 10:36 a.m. to 10:43 a.m.]

The Chair: Thank you, everyone. We are back on the record.

However, before we return to the rotation, I would like to take a moment to remind everyone here that these meetings are streamed online and transcribed by *Alberta Hansard*. We're all here today representing our constituents in the Legislative Assembly of Alberta. I would encourage all members to keep this in mind in both your behaviour and choice of language. Specifically, I'd like to remind everyone about the rules governing appropriate parliamentary language, number one; the sub judice rule, about discussing matters currently before the court; to remember to direct all remarks through the chair and to refrain from interrupting or speaking over one another. Thank you.

I now will return to the rotation. I'd invite the Member for Calgary-Elbow.

Mr. Clark: Thank you very much. I'd like to go back and forth with the minister if I may.

The Chair: Thank you.

Mr. Clark: Thank you, Mr. Minister. Thank you very much to your staff for being here.

I'm going to start on page 150 of the business plan. Under outcome 1 you talk about that one of the goals of Treasury Board and Finance is to "ensure sustained revenue streams." It's interesting. I notice you say "sustained" as opposed to "stable." I'm just curious. If we were to interpret the word "sustained" as "stable," as I do, do you feel that Alberta currently meets this criteria or that we're overly reliant on unreliable revenue streams in this province?

Mr. Ceci: Yes.

Mr. Clark: We are. Given that we're overly reliant on nonrenewable resource revenues, have you given any thought, from a budgetary perspective, to capping the amount of money we assume we're going to have in a given year from nonrenewable resource revenues?

Mr. Ceci: No.

Mr. Clark: No? So your strategy is to continue to rely on nonrenewable resource revenues as the sole way that we can possibly fund our way into balance?

Mr. Ceci: No. I think this government has been clear that in terms of delivering what we call making life better for Albertans, it builds on the Alberta jobs plan of the previous year. The Alberta jobs plan identified a number of diversification initiatives, programs that will put us on a more stable, sustainable basis going forward. We're going to continue to do that, but for the time being I recognize that there are challenges around the current revenue streams we have. Until our economy gets going in a more robust fashion and diversification takes hold, we are subject to the vagaries of the oil and gas roller coaster.

Mr. Clark: Given that, then, and that the next line, next words in that same sentence on page 150 say that Treasury Board and Finance pursues "wise spending decisions and sound borrowing and investment strategies" – we'll focus on the wise spending decisions – have you asked any ministry to find any meaningful efficiencies?

Mr. Ceci: Yes.

Mr. Clark: Can you give us some examples?

Mr. Ceci: I can. The previous year there were about \$121 million found in cuts across government ministries to services and wages. In the areas where we could take actions, we did. We were able to benefit from the physicians coming back to the table two years early and achieve over two years \$500 million in savings from their previous contract. We have gone through an exercise of apportioning a percentage of savings to most ministries last year. We have to continue to find in-year savings of \$200 million this year, and that's in our budget.

Mr. Clark: I'm just curious, then, how you would explain the supplementary supply that was north of a billion dollars . . .

Mr. Ceci: Q3.

Mr. Clark: . . . and health care costs, particularly, going up nearly \$300 million. That doesn't seem to really square with the in-year savings.

Mr. Ceci: In the in-year savings exercise we identified in our first budget and second budget and again for this budget that approximately \$700 million in in-year savings have to be found. We achieved those in the previous budgets, but the amount of money that you're particularly talking about in health care if I recall was as a result of pharmacy and – there's one other expenditure line, that I can't remember, that was different than originally budgeted, but we would have been higher in health care without AMA coming to the table earlier. It was drugs and the deal with doctors that was implemented later than we thought. Without the \$500 million in savings it would have been even more, so we achieved some savings from doctors, but there was a cost in getting that deal.

Mr. Clark: I'm going to move on, then, to “sound borrowing and investment strategies that sustain Alberta's finances.” Last year I asked you a question, and your response was that as a result of previous credit downgrades our debt costs increased two basis points. I'm curious if you have calculated the cost of any further downgrades. It's particularly worrisome, given the increased amount of debt that we're taking on. Any additional debt service or any interest, any additional cost to service that debt will become amplified.

Mr. Ceci: The question is?

Mr. Clark: Have you calculated the cost of further downgrades?

Mr. Ceci: The amount of one additional basis point – I think I mentioned this last year as well – costs the government of Alberta Treasurer \$100,000 in annual interest payments. Just with regard to our ratings, again, we have a really solid rating. We remain relatively high relative to other provinces. So when those things occur, we will be able to address them if they occur.

10:50

Mr. Clark: Does that one basis point per \$100,000 cost change with increased borrowing?

Mr. Ceci: The debt markets are forward looking, and debt pricing is driven by many factors, so it's difficult to isolate a specific cost of a credit-rating change, downgrade. However, for each \$1 billion in borrowing, an additional basis point costs \$100,000 annually, and that's where we are at this point in time.

Mr. Clark: All right. You met with credit-rating agencies last year presumably – I think we're perhaps borrowing from some of the words that you've said – to inspire confidence and alleviate the pressure that Alberta is facing regarding its credit rating. I'm curious if you have met recently or you plan to meet with these agencies again now that our new budget has been released.

Mr. Ceci: Yes, I plan to meet with them.

Mr. Clark: And that's coming soon?

Mr. Ceci: Soon.

Mr. Clark: Okay. I'm curious about interest rate risks. We've seen signals from the U.S. Fed and the Bank of Canada that interest rates are likely to move up. Have you done a sensitivity analysis on interest rate increases and the impact on Alberta's debt service costs?

Mr. Ceci: Yes. It's on page 66.

Mr. Clark: Page 66 of the budget. All right.

I had a question about capital financing. In fiscal '15-16 you reprofiled \$1.3 billion in capital. In fiscal '16-17 you reprofiled \$1.16 billion in capital. What that means is that capital projects are not getting built as planned. That means that money moves from one year to another, but the money needs to be borrowed in the current fiscal year in which that capital plan exists. I'm just curious. I want to follow the money here. The money, then, that we see in the contingency account for this year, which is on page 110 of the fiscal plan tables, is \$2.3 billion. Can you confirm that that is money that has been borrowed on account of the capital plan for projects that have been reprofiled?

Mr. Ceci: Those monies are not necessarily for projects that have been reprofiled, but it is money that is needed.

Mr. Clark: Is needed for what? If I look back at budget fiscal '16-17, there was nothing that was planned to be in the contingency account as of March 31, 2017, but in this budget we see \$2.3 billion. What is that \$2.3 billion . . .

Mr. Ceci: Are you on page 111?

Mr. Clark: I'm on page 110, line 22, under financial assets, contingency account, 2017 forecast. In Budget 2016-17 that number was zero. The forecast now is \$2.299 billion. That's \$2.3 billion. What I'm curious about is: is that \$2.3 billion that we've borrowed and we're paying debt service on but not putting to use in funding and actually deploying capital projects?

Mr. Ceci: That borrowing that's not used yet is not necessarily reprofiled. Some came in under budget. Some of those monies are as a result of coming in under budget. That money is not necessarily identified as monies that are coming from reprofiled initiatives.

Mr. Clark: But is that money . . .

Mr. Ceci: We're earning interest on it in short-term investments. It is a forecast because we're needing it for operations.

Mr. Clark: So we're earning interest on all \$2.3 billion, or is some of that money that we've borrowed we're paying interest on?

Mr. Ceci: Both.

Mr. Clark: Can you perhaps table a specific breakdown as to exactly what the breakdown is between how much we're earning and how much we're spending? It just seems to me like we're borrowing money that perhaps we don't need because of poor management choices in other ministries, not yours. I'll let you get back to me on that.

Mr. Ceci: Yes, we can.

Mr. Clark: That's a fairly deep question, and we can dive deep on that.

As we talk about the increased cost of debt overall, I'm curious if you've calculated how that will affect provincial agencies that rely on government to finance their capital and growth.

Mr. Ceci: Agencies of government won't be impacted as we are still relatively low in terms of our use and accumulation of debt.

Mr. Clark: We're now forecasting out a couple of years in the future the debt to be in the neighbourhood of \$70 billion, \$71 billion if I'm not mistaken. Have you calculated when our total debt will hit \$100 billion?

Mr. Ceci: We have a three-year plan in front of you, and at the end of '19-20 we show \$71.126 billion.

Mr. Clark: Okay. But every year we seem to exceed previous forecasts, sadly. Would you say that it's likely or unlikely that by 2021-2022 we will see \$100 billion in debt in this province?

Mr. Ceci: I think it's unlikely.

Mr. Clark: You said that you plan "to return to balance in six years." That's a direct quote from your opening remarks today. What oil price would be needed in that time frame on average to achieve that?

Mr. Ceci: I just will look to a bit of a chart we have here.

Mr. Clark: These are just the forecasts, then . . .

Mr. Ceci: That's right.

Mr. Clark: . . . which takes us not up to your stated . . .

Mr. Ceci: The chart shows some levels going out. I'll just take a look at it here.

Mr. Clark: On average between now and 2023-2024, when you say you're going to balance the budget.

Mr. Ceci: For this time frame, for the fiscal plan January '20 forecast, we're showing between \$60 and \$80 WTI price. That's as far as the chart goes.

Mr. Clark: Okay. What would the oil price need to be in fiscal '17-18 to balance the budget this year?

Mr. Ceci: Oh, to balance the budget this year, it would have to accumulate \$10.3 billion more. I don't know what that price is. It's not likely.

Mr. Clark: I will accept that it's not likely, but you've seemed to put a lot of stock in the price of oil as the saviour for our provincial finances as well as the reason for why we're in such difficulty.

Mr. Ceci: The deficit is a number I can tell you about, and that is in our fiscal plan. It gets smaller going forward, but I haven't tried

to work those numbers back to tell us what we would need for the price of oil to not have a deficit. No.

Mr. Clark: I'm going to move on then to page 151, outcome 2, talking about regulatory oversight for the liquor, gaming, financial, securities, and insurance. I note, though, that there's nothing at all anywhere in your business plan about marijuana, not in your business plan, not in outcome 1, not in the key strategies, not in performance measures or even risks, when we've known for some time since the federal Liberal government was elected that they said that they would move to legalize marijuana, which they've now signalled a clear pathway for that. I'm curious how your government plans to handle the sales and distribution of marijuana.

Mr. Ceci: Those are answers that we don't have at this point in time. The lead ministry is Justice and Solicitor General, and I think that if you would look under their business plan, they would be talking about that. We've not determined that model with regard to distribution or collection of revenues.

Mr. Clark: That's something that you anticipate will fall under AGLC?

Mr. Ceci: That's not something we've determined, no.

Mr. Clark: Have you given thought, then, to – as per the government news release of last week your government has indicated that you differ with the federal government on their view on combining liquor and marijuana sales. The feds have said that they don't like that idea. That news release has said that you're open to that. Are you open to combining liquor and marijuana sales in one location?

Mr. Ceci: We have not concluded our policy or implementation plan, so I'm not in a position to answer definitively or at all.

Mr. Clark: Do you anticipate that marijuana sales would be through a mechanism similar to privatized liquor stores? Do you anticipate that they would be sold through Crown corporations? Do you anticipate a combination of those things?

11:00

Mr. Ceci: All of those things will be the subject of further discussion in my ministry and government in general, and the lead ministry is Justice and Solicitor General.

Mr. Clark: Okay. From your perspective, then, with AGLC falling under your area, is there any plan to reinstate government liquor stores?

Mr. Ceci: You know, that would be something that the board of AGLC would have to contemplate and bring forward. No, I'm not contemplating that.

Mr. Clark: Ultimately they answer to you. Is that a definitive no, that you will not roll back Alberta's privatized liquor stores?

Mr. Ceci: Yeah. I think you could be pretty assured.

Mr. Clark: Okay. Good.

I'm curious if you've done any forecasts on anticipated tax revenues from marijuana sales?

Mr. Ceci: I personally have not done those things. I know that the Solicitor General and Justice minister has reached out to different states who have these sorts of sales going on. She has some general

idea of what the impacts in those states are, but we have not done the similar kind of work here in this province.

Mr. Clark: Do you anticipate doing that at some point reasonably soon? I mean, that's obviously an important question, what we anticipate the tax level to be.

Mr. Ceci: Sure.

Mr. Clark: Presumably you've got some capable people working on that within your department.

Mr. Ceci: Yeah. As we move forward on developing a model and further discussions between the federal government and this government, we will have those numbers worked up, but at this point in time we don't have them.

Mr. Clark: Okay. I'm going to move back, then, to outcome 1, key strategy 1.2 on page 150, "useful and reliable financial and economic information, objective analysis and identification of solutions to support effective decision-making." Treasury Board and Finance, as I look through the budget, does a number of forecasts within your own department but also then publishes private-sector forecasts in different areas. Often they are similar; often they actually differ quite substantially. What I'm curious about is: have you given any thought to relying exclusively on private-sector forecasts?

Mr. Ceci: No, I haven't given any thought to that.

Mr. Clark: Have you done any work calculating differences over time between Treasury Board and Finance forecasts and private-sector forecasts? Who is closer over time? I mean, you know, is Treasury Board and Finance consistently more accurate than private-sector forecasts and therefore justifies any additional expense that comes with that?

Mr. Ceci: I think it is important for the government of Alberta to have its own people working for it, and Treasury Board and Finance is that home, that ministry. I believe the TBF officials in economic forecasting and other things are more accurate because they know Alberta better than others who are maybe looking at this province in a subsovereign way or a subnational way and spending less time on it than our professionals do.

Mr. Clark: I don't want to question for one second the capability of the professionals within Treasury Board and Finance because they are remarkable and very good at what they do. I mean that quite sincerely. You said that you believe their forecasting to be more accurate. Do you have data that shows that? Is that data that you would track? If it isn't, I would imagine that you should be tracking that data.

Mr. Ceci: I will give that some thought. As I said, I think that the people who are working for the government of Alberta know this province better than anyone else looking at it.

Mr. Clark: Thank you.

The Chair: Thank you very much.

We'll now move on to the private members of the government caucus. Please go ahead.

Mr. Malkinson: Thank you very much, Mr. Chair. You know, as the Member for Calgary-Currie I've been going out and talking to a lot of local businesses. You know, it's been my experience, even

when visiting some of the local shops, that their business is picking up. I'm thinking back, going back to the old shops I used to work at. Some diesel engines and generators are heading out the door; people are busier. Local shops in the riding as well are starting to see business sort of stabilize and in some cases increase. I'm hearing from many of the local Greek restaurants the same thing, that business is stabilizing and increasing a bit. You've used the term "green shoots" a number of times to sort of describe this phenomenon of the economy seeming to be beginning to recover. How much are you projecting that the economy is going to grow over the next year, and what's going to be driving that growth?

Mr. Ceci: Sure. The government of Alberta's projections are a GDP growth of 2.6 per cent for 2017. TD Economics recently came out and said that GDP growth in this province would lead the country at 2.8 per cent. I, frankly, like their numbers better than our numbers. The other kind of things we're seeing and the drivers of that growth will be around exports. Manufacturing will drive much of that. Those are up 37 per cent year over year, and manufacturing sales are up almost 15 per cent over the last year. We know that recovery is becoming more stable across Alberta and in the oil patch as well. It's longer in terms of the recovery than everyone's comfortable with, but at least we're seeing signs of a \$50 plus floor for WTI. That looks good in terms of where that's moving. We're cautiously optimistic. We'll continue to see improvements throughout the year.

Some good things occurred recently. Twenty thousand jobs in the month of March were added to our economy, which outpaced the rest of the country combined at 20,000. We know also that new home starts, whether those are multi- or single-family, hit an 18-month high of about 35,000 on an annualized basis. That's really good news as well. Those are the things we know in terms of some of the changes over the last little while in our economy, recognizing that the last two years have been difficult for every Albertan.

Mr. Malkinson: You did mention things like housing starts. Was there any one particular, you know, project that was driving that growth, or was it a variety of projects that are happening throughout the economy?

Mr. Ceci: I don't know about particular projects, but I do know that the investment of government monies across our economy is continuing to make good things occur for Albertans who are back to work as a result of that. We're still growing as a province. Our population is not tracking negatively like some other places. We're still growing, so people still need places to live, and new housing starts, whether they're condos or multi-res or single-family, are places they're calling home.

Mr. Malkinson: Perfect.

Okay. Just switching gears a little bit here, I'm looking at page 152 of the ministry business plan, and specifically I'm looking at performance measure 2(b), which talks about the employment pensions funded ratio. I'll give you a moment to find that.

Mr. Ceci: Performance measure 2(b) of the business plan – sorry – on page 152?

Mr. Malkinson: Page 152. I noticed that the target for the employment pensions funded ratio is slowly being lowered from 102 per cent to 100 per cent. I was wondering why this is.

Mr. Ceci: I think that in part that's because there is less – thank you. The Employment Pension Plans Act establishes minimum funding standards for private-sector pension plans, but if an

actuarial valuation report indicates that the assets of the plan are less than its liabilities, that plan is said to have an unfunded liability. Where the plan has an unfunded liability, the act requires that additional amounts be contributed – those are called special payments – to amortize that deficit. The obligation to make special payments ends once the plan has a funded ratio of 100 per cent.

On a plan-by-plan basis there is a deliberate decision on the part of the employer to target a funded ratio which exceeds 100 per cent. We are coming back to – we're lowering that.

11:10

Mr. Malkinson: Okay. Thank you.

Now, does this include both the LAPP and the PSPP pensions?

Mr. Ceci: Yeah. Public-sector pension legislation also imposes a requirement that LAPP and PSPP make special payments in the event that they have an unfunded liability. This particular performance measure does not apply to those two plans.

Mr. Malkinson: Okay. Now, how are those two particular pensions governed?

Mr. Ceci: They are governed by employers and representative employees. I am their trustee, so they report to me.

Mr. Malkinson: Now, does it make sense that those boards are not fully governed by the representatives of the employees whom those pensions serve?

Mr. Ceci: They make recommendations on all investments. They work with AIMCo, who is their investment vehicle. They have indicated to me that they are interested in moving to sole governance, and we have an agreement that throughout the course of this term we'll get back to that discussion and look at how we can address their needs more fully in terms of self-governance.

Mr. Malkinson: Okay. Thank you.

Moving on to the fiscal plan, I note on page 109 of the fiscal plan that investment income will be \$2.19 billion, the majority of which is going to be coming from the heritage trust fund, at \$1.29 billion. I'm just wondering. When was the last time that money was actually added to the heritage trust fund, and why was that so long ago?

Mr. Ceci: It was a long time ago. It was 2007-2008 when the government transferred \$918 million into the fund. A billion dollars was deposited in the year prior to that, and the year prior to that another billion dollars was deposited. There's a historical summary of the information located on page 20 of the heritage fund's '15-16 annual report, and it looks like it tracks the surplus of monies available to government as a result of revenues.

Mr. Malkinson: Okay. Going on with the fiscal plan tables, one thing I was just curious about, Minister, is that the Legislative Assembly budget is expected to increase in the out-years 2018-19 and 2019-20 when it's been stable for the previous two budgets. I'm just curious what that increase is for.

Mr. Ceci: Elections. The increases in the 2018-19 and 2019-20 budgets for the offices of the Leg. Assembly are related to the next general election. The costs are budgeted in both of those years because the Chief Electoral Officer is preparing for the possibility of either an early spring election, meaning prior to the end of March, or a late spring election. Because the fiscal year ends March 31, it's entirely possible that the election could take place in either '18-19 fiscal or '19-20 fiscal, so they have budgeted for that possibility in either year.

Mr. Malkinson: Okay. Thank you very much for that clarification, Minister.

Going on, I'm going to change gears here a little bit. Page 13 of the budget fiscal plan outlines the fact that previous governments – and I think this is something that my opposition colleagues would agree with me on – have grown their operating expenses at a rate that was well above population growth plus inflation. You note that in Budget 2017 you commit to keeping it well below that. I'm wondering: considering the pressures for health care and, you know, services for Albertans, how are you planning to do that while keeping expenses low? I think one of our opposition colleagues was sort of attempting to get there in a previous line of questions.

Mr. Ceci: Yeah. By being prudent, of course. You're right. On page 13 the chart there shows that previous governments spent when times were good and slashed when times weren't so good in this province. As a result, services were eroded, infrastructure was not maintained to the level it needed to be maintained at, and qualified people left this province when they had the opportunity because they could get more stability working in other places. That wasn't the formula for success as a government.

We can maintain the services Albertans depend on, and we've done so over the last two years by making sure that we manage the costs more effectively. We've projected spending growth, as you've mentioned, at 2.2 per cent in Budget 2017 while population plus inflation, that's been identified here before, will be 3.2 per cent. Cutting billions from the budget, as the opposition has suggested we do to balance more expeditiously, would be a recipe for disaster. That would get us to balance sooner, but it would make things a lot tougher and throw lots of people out of work. We're going to balance the books in six years.

We're constantly looking for efficiencies to our programs. Over the last two years, as I've said – and this is not the AMA contract renegotiations; this was other places – we've found \$500 million in savings, and another \$200 million is anticipated to be found this year. That's our commitment.

We have to be prudent with how we're going about doing this. We don't think cutting billions out of the budget is realistic if Albertans want their services preserved, which they do.

Mr. Malkinson: Thank you, Minister.

I think this sort of falls into, you know, a good follow-up. Page 3 of the budget also outlines the plan to protect services that Albertans rely on. I mean, you have pretty much mentioned that right there. I'm wondering: how does our budget stack up against our neighbours'? I know we have similar neighbours both east and west of us, and I'm wondering how our budget stacks up since you did mention a desire to protect services.

Mr. Ceci: Well, I know of a couple of programs of our neighbours to the west. In B.C. they have a program similar to AISH but not similar in terms of monthly amounts of money. Ours is at \$1,588.

Mr. Malkinson: We hear all about that, the difference. Absolutely.

Mr. Ceci: Yeah. For disabled persons in B.C. that is \$500 a month. Seniors' benefits in B.C. are \$50 a month, and here they're over \$280, I think. Nonetheless, we made choices with Budget 2017. We rejected the approach to severely impact programs and services by cutting back severely on our budget. We are preserving public services and infrastructure in this province.

Other provinces, namely Saskatchewan, decided to raise taxes and cut services and push the burden of living onto everyday Saskatchewanians just so that they could balance three years sooner

than Alberta. They're taxing everything from children's clothing, through PST, to construction, which is a new application of that tax. That means that construction in that province is going to be 6 per cent more expensive as a result of those actions. They're cutting libraries, schools, hospitals. I think I've been pretty clear when I said that Albertans don't want that. They want to be able to go into classrooms and know that their kids can get appropriate teacher time. They want to go into hospitals and know that those waiting lists and waiting times in emergency are not horrendous.

So we're taking a different approach, one that was advocated by the Leader of the Opposition when he was an MP. He said that it was totally appropriate to treat deficit like a mortgage for your programs and services and then get back to balance when times are better, and that's certainly our plan. Budgets are about choices. I stand by the choices we've made of running temporary deficits rather than throwing people out of work and programs into disarray.

11:20

Mr. Malkinson: Thank you very much, Minister. It's true that, you know, if you are perhaps worried about your job, I would suggest that a way to solve that problem is not to then lay off your neighbours because they have work in the public sector.

Moving on, I'm looking at the economic outlook section of the budget for the 2017-2018 fiscal plan. Specifically, on page 84 we see that the forecasting agencies and economists are agreeing that the price of oil is likely to stay lower for longer. I'm quoting you back on that one. Budget '17-18 predicts that the oil price is going to be at \$55 dollars a barrel. What's the government's contingency plan should we not achieve this target? Because I would imagine that would be a fiscally prudent thing to plan for.

Mr. Ceci: In Budget 2016, you'll remember, we introduced a risk adjustment of \$700 million and left that in place until Q3, when we were quite confident that oil was going to hit the target that we had identified. We continued with that risk adjustment good idea in Budget 2017. We're not able to control the price of oil, but the risk adjustment gives us some wiggle room in case oil prices don't meet our targets in this fiscal plan.

When putting together these price forecasts, as I was telling the previous member over here, we look at the private-sector estimates and make a conservative forecast. Most forecasters put the price of oil between \$50 and \$60 per barrel for 2017. That \$500 million risk adjustment allows us some downward flexibility, and we're still able to meet our deficit target as a result of having that wiggle room. Alberta is at \$55. We're comfortable with that. Saskatchewan is predicting a higher price of \$56.25.

Mr. Malkinson: Thank you very much.

There have been some comments that perhaps the \$55 per barrel oil prediction is a bit too optimistic. What is the process? How do you come up with that number?

Mr. Ceci: Just to briefly recap again, Treasury Board and Finance officials collect information, as does Energy, from private-sector forecasters, a half-dozen or so forecasts. Then we take the more conservative numbers of those and come up with our own. Then we risk adjust it with an amount of money that gets it down into the \$53-per-barrel area.

Mr. Malkinson: Perfect. Thank you, Minister.

Switching here for a little bit to, you know, the other side of our revenue stream, taxes, which I know is everyone's favourite subject, on page 94 of the fiscal plan you outline Alberta's tax advantage over other provinces. I wanted you to perhaps clarify because I know that there's often a lot of noise about this on social

media. Is Alberta's tax advantage growing, is it staying the same, and what does this mean for our competitiveness with other provinces?

Mr. Ceci: Sure. We were \$7.5 billion better in terms of our having lower overall taxes than Saskatchewan, and that has changed. Now we are \$8.7 billion better than the next lowest taxed jurisdiction, \$8.7 billion better than B.C. With the introduction of taxes in Saskatchewan, it has become more expensive, with a greater delta between Alberta and Saskatchewan.

We, of course, remain a great place to do business, a great place to live and work, and we'll continue to have that tax advantage moving forward.

The Chair: Thank you very much, Minister.

Just a friendly reminder that we're going to time limits of five minutes, but when combined with the minister, it will be 10 minutes. Okay.

Mr. Ceci: Sure.

The Chair: Please go ahead.

Mr. Fildebrandt: Thank you, Mr. Chair. I want to continue questioning from some lines of questioning that I had and other members also had. The Member for Calgary-Elbow asked you some questions around the sale and regulation of marijuana. As we know, the federal government is moving forward on that front. The sale and distribution of it is likely to fall under your portfolio with the AGLC. I understand a lot of things are at the framework stage. I appreciate that a lot is being dealt with on the Solicitor General's side, but I want to know in terms of sales and distribution what's being considered by AGLC and your department. Are you looking at government-run stores the way that liquor stores used to be in Alberta and currently are in Ontario? Are you looking at private distribution? If you can give kind of a broad sketch of what you're looking on the distribution side.

Mr. Ceci: Sure. AGLC is working with Solicitor General and Justice, and no model has been determined. We will be determining a model as we get closer to the regulations, that this province will no doubt be required to be a part of. But it will be an efficient system, it will be cost effective, and it will control the product like we have already in a cost-effective and efficient system around liquor distribution.

Mr. Fildebrandt: Have you given any thought to tax rates and how that'll be structured and what amounts?

Mr. Ceci: No. That work is being done, as I said in answer to this question. The Solicitor General is leading it. AGLC has been involved in those discussions. We have not settled on a model for distribution or taxation or markup or however you want to . . .

Mr. Fildebrandt: I look forward to the balanced budget plan.

Mr. Ceci: I would just say that it's not a panacea. Many people believe that there are billions to be made, and there are not.

Mr. Fildebrandt: So this is not the balanced budget plan?

Mr. Ceci: This is not the balanced budget plan. No. That is the careful and prudent control of expenditures and the growth of our economy through diversification and other things.

Mr. Fildebrandt: Well, while we're speaking about oil, I want to bring it back to other kinds of oil prices. You were asked just a few

minutes ago about what price oil would need to be to balance the budget. You said that it would be quite considerable.

Mr. Ceci: I don't think I said that.

Mr. Fildebrandt: Okay. Well, what price would oil need to be to balance the budget this year?

Mr. Ceci: I'm not really focused on that. What I'm focused on is the prudent expenditure of monies . . .

Mr. Fildebrandt: That's not the question I asked. The question I asked was: what price does oil need to be to balance the budget this year?

Mr. Ceci: Perhaps you have the answer to that. I'm not focused on it.

Mr. Fildebrandt: Well, I'm asking you for the answer. You're blaming the deficit on the price of oil. You're saying that that's the reason for it. If the price of oil is the reason that we do not have a balanced budget this year, what price does it need to be?

Mr. Ceci: Actually, it's the downturn in the economy and the loss of significant revenues not only with regard to where bitumen is at . . .

Mr. Fildebrandt: All right. I'm not going to get an answer here. I can see that.

I want to talk about AIMCo here. You've tried to assure us that there's no political interference in AIMCo, but I'm sure you've seen the e-mails from the Premier's office to senior people working at AIMCo, asking them to produce quotes for government news releases. When you've got senior political staff in the Premier's office communicating with people in AIMCo, asking them to get quotes from private-sector investors, how can we actually have any confidence that you're keeping politics out of AIMCo?

Mr. Ceci: Actually, I don't know if that's what they were being asked to do, but it's normal for government to . . .

Mr. Fildebrandt: They were asked to provide a quote for a news release.

Mr. Ceci: It's normal for government to communicate with Crown agencies about public-facing communications, and we're going to continue to work with all agencies, boards, and commissions and do so in a respectful, collaborative way.

Mr. Fildebrandt: So you're saying that this is a normal practice for you to ask private-sector businesses in Alberta to provide quotes for political news releases when AIMCo makes an investment?

Mr. Ceci: AIMCo is a Crown corporation.

Mr. Fildebrandt: So I'm asking: is this a regular practice that you do this?

Mr. Ceci: It's normal for government to communicate with Crowns about public-facing communications.

Mr. Fildebrandt: Is it normal for them to ask private businesses for quotes when AIMCo makes an investment?

Mr. Ceci: You know, the clarification that went on between government and AIMCo was to clarify the record where there are disagreements or things are wrong with the public record and they need to be clarified.

Mr. Fildebrandt: Okay. I hope you can clarify the public record. The government's news release, that went out anyway over the objections of that private company, said that this was investing in green energy and things like that, but in fact the AIMCo investment was just for them to restructure their debts. Why did AIMCo, with political direction, put out a news release claiming that this money was for green energy when it was clearly used to restructure debt that had nothing to do with it?

11:30

Mr. Ceci: The clarification was with regard to aspects of the news, not the news release. Government communicated with AIMCo to make sure that all of the information was correct on the record.

Mr. Fildebrandt: But why did it go out in the first place? Why did the government put out a political news release about what AIMCo was doing when that's not what AIMCo did? AIMCo made investments for them to restructure their debts. They did not make an investment for anything to do with green energy, as the government's news release claimed. Why did that happen in the first place?

Mr. Ceci: AIMCo put out a news release to inform the public about the investments they were making. The government reached out to try and make sure we fully understood that information and to clarify any things that were not correct.

Mr. Fildebrandt: So you did not initially push them to do a news release before they put out the . . .

Mr. Ceci: Is this part of the estimates before us?

Mr. Fildebrandt: Yes, this is. This is AIMCo, and AIMCo is a part of your business plan. It's part of the budget, and you need to answer for it.

Mr. Ceci: What page of the business plan is this?

Mr. Fildebrandt: You are saying . . .

Mr. Ceci: What page are you looking at?

Mr. Fildebrandt: I'll get you a page in a second about what part. But this clarification: are you saying that you did not initially pressure AIMCo to do a news release?

Mr. Ceci: I have not pressured anybody to do anything.

Mr. Fildebrandt: Did the government?

Mr. Ceci: The government does not pressure anyone to do anything.

Mr. Fildebrandt: Okay. Thank you.

Mr. Ceci: It works closely with Crown agencies.

Mr. Fildebrandt: It's page 16 of the annual report.

Mr. Ceci: Page 16?

Mr. Fildebrandt: Yeah.

Now I actually want to switch it up because I see that we're not going to get answers.

Mr. Ceci: Let's take a look at page 16 of the annual report.

Mr. Fildebrandt: Well, you could look in a second because I know that we're not going to probably get answers anymore on this.
Line 12.2 on page 274.

Mr. Ceci: Page 16 is on the Ministry of Education.

Mr. Fildebrandt: We're looking at the annual report for Finance. I want to talk about horse racing really quickly.

Mr. Ceci: Sure.

Mr. Fildebrandt: Line 12.2 on page 274 refers to horse racing. In September 2016 an Edmonton horse racing contract was awarded to Century Casinos. With this new contract Century Casinos will own more than 25 per cent of the horse racing contracts in Alberta. Are there any regulations that outline the percentage or amount of horse racing contracts that one entity is allowed to own?

Mr. Ceci: That needs to be directed to Horse Racing Alberta. They dealt with this as a board.

Mr. Fildebrandt: But it falls under your ministry. It's just a really simple question. Are there any regulations that outline the percentage or amount of horse racing contracts that one entity is allowed to control? Yes or no?

Mr. Ceci: There have been – it is a regulation that HRA dealt with, and their board decided to award this contract.

Mr. Fildebrandt: Are there regulations that outline how many racing contracts one entity is allowed to control? Are there regulations around how many they're allowed to control? Yes or no?

Mr. Ceci: HRA decides that.

Mr. Fildebrandt: That's not what I asked. They report to you. This is your ministry. That has to be answered for. They're not here. They're not going to be here at any time. You answer for it. Yes or no?

Mr. Ceci: There is a regulation, yes.

Mr. Fildebrandt: Thank you.
Could you table that regulation?

Mr. Ceci: I can ask HRA for it.

Mr. Fildebrandt: Wonderful.
If we go back to AIMCo, could you table all e-mails between yourself and your staff and AIMCo discussing the news release that we were just discussing?

Mr. Ceci: If that is a part of the estimates . . .

The Chair: Thank you very much, Minister.
We will now move on to the member from the third party.

Mr. McIver: Thank you. Thank you, Chair. Again, if the minister is kind enough, I'll share time with the minister.
Minister, Alberta's nonrenewable resource revenues make up \$3.7 billion of the \$45 billion expected in '17-18. Of course, one of your government's major plans is to phase out coal and nonrenewable energy, which will eliminate the royalties that go along with coal and nonrenewable . . .

Mr. Ceci: Not all of them.

Mr. McIver: Pardon me? If we're not producing coal, you're not going to get coal royalties anymore are you, Minister?

Mr. Ceci: Oh. You qualified this by saying just coal? Or did you talk about nonrenewable resource revenue?

Mr. McIver: We'll deal with them separately. On coal, how are you going to make your budget whole with the coal royalties lost?

Mr. Ceci: We are working to diversify our economy beyond those revenues.

Mr. McIver: Okay. Any particular industries that you see growing?

Mr. Ceci: Yes.

Mr. McIver: Can you name one or several?

Mr. Ceci: Sure. With regard to the petrochemicals diversification program we see that industry growing in Alberta so that cheap feedstock will be used to upgrade into plastics.

Mr. McIver: Okay. So you're going to replace oil and gas revenue with oil and gas revenue with this further manufacturing?

Mr. Ceci: Petrochemical diversification is not oil and gas revenue, no. It's plastic.

Mr. McIver: It's value-added, though, oil and gas. You would agree with me on that?

Mr. Ceci: It is value-added.

Mr. McIver: There you go. So you're going to replace oil and gas revenue, some of it, with value-added.

All right. Have you modelled the impacts of that to see whether what you gain will be more or less than what you lose?

Mr. Ceci: You know, Economic Development and Trade and the Energy ministry have modelled what that new program will represent in terms of both capital investment and potential revenues, yes.

Mr. McIver: Okay. Just for the record it's not a new program. Value-added oil and gas has been around for a long time.

Mr. Ceci: A new petrochemical facility will be developed as a result of this new program.

Mr. McIver: Right. It's a new one to add on to the many more that were already there. When you try to characterize it as a new industry, I think that's mischaracterizing it. Yes?

Mr. Ceci: I believe that it was not a program that was here before.

Mr. McIver: At least acknowledge that the value-added oil and gas industry has been there for a long time.

Mr. Ceci: There is a lot of petrochemical in this province, for sure.

Mr. McIver: And the value-added industry has been around for a long time.

Mr. Ceci: And this will be a growing one.

Mr. McIver: Okay. You included a \$500 million risk adjustment for 2017-18 in case, as you said, your assumptions about the prices of commodities aren't right. How did you arrive at that \$500 million number?

Mr. Ceci: Like we arrived at the \$700 million number last year, we looked at the downside, the risk of not achieving \$55, and modelled what could happen potentially from the forecasts, that we also know are out there, on the lower, lower, lower side.

Mr. McIver: Okay. In your 2017 fiscal plan, page 5 states that the income support budget increased to \$605 million, with \$257 million more for adult and child health care benefits. Those all sound to me like good things, Minister. How many unemployed individuals will receive their maximum benefit in 2017 and be forced off income supports? I want to know whether you've considered unintended consequences from what you've done.

Mr. Ceci: Sure. The Ministry of Community and Social Services is probably a better place to find out that information as well as the Minister of Labour.

Mr. McIver: But I'm only asking about the budget implications, Minister.

Mr. Ceci: How many more people will be unemployed?

Mr. McIver: No. I just wonder how many unemployed people will get their maximum benefits and, as what I'm assuming is an unintended consequence, be forced off income supports. Had you thought of that when you put this in place so that we don't end up, you know, with people that need these health care benefits getting less instead of more by accident because of how the math works with the programs?

Mr. Ceci: Yeah. I probably need to direct you to those two other ministries more particularly.

Mr. McIver: All right. The AISH changes announced here, I think, last week, after the budget was announced: were they included in your budget numbers?

Mr. Ceci: AISH is being reviewed if that's what you're talking about.

Mr. McIver: Okay. The effect of the AISH review: is it going to change your budget?

Mr. Ceci: The numbers here do not reflect any subsequent decisions made in that review.

11:40

Mr. McIver: All right. Have you done anything to assure people that are on AISH or in the application process that they will still be looked after as a result of the review?

Mr. Ceci: That's a commitment this government has made. It's statutory in nature. Albertans who qualify know that they are eligible for those monies.

Mr. McIver: All right. That's pretty important, I think you would agree with me, to not leave those people on AISH now or who might need it in a position where they would be afraid of losing their benefits.

Mr. Ceci: I think you would agree that this government has followed its promise in that regard as well as for people on Alberta Works.

Mr. McIver: Okay. Thank you for that, Minister. I think we both agree that those disabled people need to be looked after.

Mr. Ceci: Yeah. Vulnerable Albertans need to be supported. You bet.

Mr. McIver: Vulnerable Albertans need to be looked after.

Moving on. Again, the carbon tax rebates: how are they reaching Albertans who don't file income tax or have fixed addresses; i.e., homeless people, for example? Are they getting their rebates?

Mr. Ceci: It's based on income tax returns.

Mr. McIver: So if you don't file, you don't get it?

Mr. Ceci: That's correct. As well, the Alberta child benefit: if you don't file, you don't get that. Hopefully, all people are filing.

Mr. McIver: All right. Presumably, homeless people won't qualify unless they find a way to file income taxes.

Mr. Ceci: Yeah. Many shelters and other places, social agencies, help people who are of no fixed address file their income taxes.

Mr. McIver: Okay. Well, last year you said that the budget was a shock absorber, concerned about the oil prices. Do you know the exact number of recovered jobs you attribute to the economic recovery? You said 20,000 earlier. Is that all of them?

Mr. Ceci: No. That is what happened in March of 2017. I could get those numbers, but again those ministers, particularly the Minister of Labour, have probably got them more at their fingertips.

Mr. McIver: All right. You disagreed with me earlier on the number of up to 200,000 people unemployed. I know that Stats Canada, looking at it here, shows 100,000 people, but of course that doesn't include contractors, people who are self-employed, and doesn't include people that have given up looking for work for whatever reason. What's your number as to how many people are unemployed?

Mr. Ceci: Well, that number that you have may be your view. I go by Stats Canada.

Mr. McIver: No. I was actually looking at the Stats Canada numbers right now, so it's not my view, Minister.

Mr. Ceci: Okay. I was just going to conclude by saying that I believe the StatsCan numbers.

Mr. McIver: Okay. All right. Well, the other StatsCan numbers that are included in the same report show that since the month that your government took government the people in the labour force grew by 50,500. The number of full-time jobs has decreased by 60,000, and the part-time jobs have increased by 43,000. What are you doing with your financial policy to reverse that trend, in having whatever new jobs that happen be full-time instead of part-time?

Mr. Ceci: We are following through with the capital plan, which is now for four years. It's about \$30 billion, and it will see the creation and sustainment of 10,000 jobs per year over the next three years. We have invested in the petrochemicals diversification program, as I mentioned, and there are 3,000 new jobs during construction of that add-on to those plants and 1,000 jobs each continuing when those operations begin. The modernized royalty framework, which industry has roundly supported, has more than 200 rigs drilling now, each supporting 135 jobs. We returned STEP. Unfortunately, your government cut that. We brought that back, and 3,000 students found gainful employment last summer and will continue to find it.

Mr. McIver: Okay. All of this isn't getting the jobs replaced that we lost. Anything else up your sleeve that will get that done?

Mr. Ceci: Yes. The capital plan is important to . . .

The Chair: Thank you very much, Minister.

We'll now move on to the private members of the government caucus.

Mr. Malkinson: Thank you very much, Mr. Chair. On page 41 of the budget it outlines the spending that the government has made in the largest investment in infrastructure in the province's history. I believe it's \$34.8 billion over five years. Considering in particular that the ring road, for example, which is going to be just going right around my riding, is going to be supporting lots of jobs, I'm wondering: what are some of the projects that are included in Budget 2017, and do you know how many jobs have been created as a result of the government's capital plan, whether it be on the ring road or other projects?

Mr. Ceci: With some of those, you just have to look into the budget and the fiscal plan and the chapter on capital to know that we're continuing on with important capital expenditures for things like the ring road that you talked about. The Calgary cancer centre will continue to be built. In Budget 2017 there are new projects as well, many new ones. The MacKimmie library at the U of C received funding for renovations to the tune of about a quarter billion dollars. The Red Deer area will receive a courthouse to ensure that proper facilities are used and not things like hotel space. So Red Deer gets a courthouse. First Nations: I know many members of our caucus are quite proud of being able to deliver clean drinking water to every First Nation in this province with the introduction over four years of \$100 million. These projects will make life better for everyday Albertans, obviously, but they help Albertans get back to work as well.

We know that there was an accumulated infrastructure deficit by the previous government that was left in place, and we're trying to address that, as we go forward, in this shock-absorber budget that we have here. Our infrastructure plan: I said 10,000 to 11,000 jobs per year for the next three years. The general consensus is that that's a good thing to do when interest rates are low, construction is cheap, and people need the work, so we're doing those things. I know that one other big, big one is 26 new and modernized schools across the province to address the education needs of our population and the children. Fort Saskatchewan has been waiting for decades for a new bridge in their Industrial Heartland area, and that was included in Budget 2017 as well.

Mr. Malkinson: Thank you very much, Minister.

I'm going to cede the rest of my time to Mr. Dang.

Mr. Dang: Thank you, Mr. Chair, and thank you, Minister, for coming today. It's really useful for us to be able to get your perspective on some of these issues.

I'd like to turn now to the debt-servicing costs on page 280 of the estimates. Now, it's clear to me that provincial revenues have taken a significant hit during the recession, but the government is committed to making sure that it acts as a shock absorber during this downturn. I'd probably say that I'm both proud and glad for that as we continue to recover, but Albertans do need and demand good access to quality services. Could you explain why you're not balancing the books immediately through cuts but, instead, are trying to protect families through this?

Mr. Ceci: Well, we're taking a prudent, responsible approach to dealing with Alberta's finances. The child benefit and the family employment tax credit, for instance: those two programs will provide \$340 million in combined benefits to 380,000 children, 200,000 families in this province. We're taking prudent steps to ensure that schools are more affordable for families by cutting school fees by 25 per cent. We have frozen tuitions for the third year running for a quarter million Albertans who go to schools. Running those temporary deficits for another six years, until we get to balance, will ensure that services are in place to make Albertans' lives better going forward.

It's a type of deficit financing, as I said, that the Leader of the Opposition supported when he was in Ottawa, saying that deficit financing is a necessary jolt to the economy and replaces lost jobs. Now he's kind of changed his tune.

But we think that staying with this approach will help Albertans out better than cutting billions of dollars from operating, from capital, which will do nothing but delay the economic recovery. Saskatchewan is seeing that now. TD Economics and others have said that their austerity budget will delay their recovery. Cutting 20 per cent out of our budget today would get you to balance today, but then you would have to answer to Albertans for things like their health care, their education, their postsecondaries, and their institutions not being kept up. So we're going to stick with the program that will get us in a prudent way back to balance, and that's the commitment.

11:50

Mr. Dang: Sure. Thank you, Minister.

I guess I want to talk a little bit about something you've already spoken at length about today. Recently you did announce the \$25 million in grants for Alberta's craft brewers and a similar policy, which you'll launch, for craft distillers, wineries, and meaderies. Could you explain why and how this program is going to be diversifying the economy and elaborate about the estimates?

Mr. Ceci: Sure. First, I want to say that as a result of the changes we made, Alberta beer is cheaper, more available, and there's more of it. As I said, growth in craft breweries has exploded from 14 a couple of years ago to over 50, and some estimates are that there'll be 70 by the end of this year. The ASBD promotes economic growth and development and diversifies the economy at a time when we really need that.

While the opposition continue to talk about Saskatchewan and Ontario and supporting their businesses and business owners, we will continue to focus on Alberta, which has the most open liquor market in the country, with over 20,000 registered products. The program we have in place will allow brewers to continue to invest in their businesses, expand, hire staff, and keep prices low. We're going to expand that successful program to distillers, wineries, meaderies, and cideries. The details are still being finalized with regard to all of those other sectors of this important industry, and we'll have more to say about how it will continue to support our economy and create jobs in the near future.

Mr. Dang: Perfect. Thank you.

That does tie into my next question here. On page 285 of the estimates the government projected to bring in quite substantial revenues from liquor and gaming in this fiscal year, and that's something that I'm quite excited about. But how is the government working to ensure that alcohol is going to be consumed responsibly and that gambling is done in a responsible way for all Albertans?

Mr. Ceci: Yeah. Revenue is, you know, one part of this, obviously an important part for the government of Alberta. The programs that

are being delivered – and I’ve had the ability to see some of those at open houses that I’ve been around to – are DrinkSense and GameSense. They educate Albertans around the dangers of drinking too much and gambling too much. It’s a big part of the mandate of AGLC, and their business plan goal is to promote responsible choices in these activities. DrinkSense focuses on increasing information and engagement opportunities for all Albertans to support healthy choices through promotion of sensible and moderate use of liquor products, and GameSense does the same thing on the gaming end of things. It helps people gauge their own gambling habits, learn more about the games that they’re playing, understand when they should seek help for problem behaviours that result from their recreation.

AGLC places a great deal of importance on these programs and makes material available, for instance, in liquor stores on DrinkSense, and GameSense kiosks are in every casino in the province. We want to ensure that Albertans enjoy the choices in liquor that are out there, but we want them to do it responsibly, and the same goes for gaming.

Mr. Dang: Awesome. Cool. Thank you.

I think we’re down to the last, like, 10, 15 seconds here, Minister, so I’ll just say again: thanks for coming. Thank you to all of your staff for coming out today. I think it’s been very valuable, and we’re glad that Albertans have this opportunity.

Mr. Ceci: I just wanted to say thank you to all the members who have come and spent time here.

The Chair: Thank you very much, Minister.

We’ll now go back to the Official Opposition.

Mr. Fildebrandt: Well, thank you for that extremely rigorous and tough line of questioning.

Minister, I want to ask you about a potential PST. You’ve said that there’ll be no PST during this term of your government, but the language used by your government has left the door pretty wide open to one after the next election. What plans or briefings have been prepared in your department for the possible implementation of a PST after the next election?

Mr. Ceci: None.

Mr. Fildebrandt: It’s not under consideration, period?

Mr. Ceci: You asked about plans or briefings, and I can say: none.

Mr. Fildebrandt: Is there any plan at the political level or at any level for consideration of a PST at any point?

Mr. Ceci: I am focused on delivering the fiscal plan that’s before us. I’m not focused on a PST.

Mr. Fildebrandt: Not the question I asked. Is there any consideration of a PST at any time?

Mr. Ceci: We’ll not bring in a sales tax without a mandate from Albertans.

Mr. Fildebrandt: I’m asking about after you ask for a mandate from Albertans. Is there any consideration to asking Albertans for a mandate for a PST?

Mr. Ceci: I am not focused on that . . .

Mr. Fildebrandt: That’s not what I asked.

Mr. Ceci: . . . but I’m really glad that you believe we’re going to form the next government. Thank you very much.

Mr. Fildebrandt: I’m asking if you think you’re going to seek a mandate for it. You didn’t seek a mandate for the carbon tax either, but if we can take you at your word that you would seek a mandate before a PST, is there any consideration to seeking a mandate from Albertans for a PST?

Mr. Ceci: I just want to remind you that in our . . .

Mr. Fildebrandt: I’m asking a yes-or-no question, a very simple yes-or-no question. Is there any consideration to asking Albertans for a mandate for a PST?

Mr. Ceci: I know that we had a climate leadership plan identified in our previous . . .

Mr. Fildebrandt: No, no, no. I’m not asking that. Minister, this is not question period. It’s not question period; this is estimates. I’m asking a question. Is there any consideration to asking Albertans for a mandate for a PST? Yes or no?

Mr. Ceci: Not at this time.

Mr. Fildebrandt: Not at this time. What about for the future?

Mr. Ceci: That – we’ll have to wait as a government and make our decision and let Albertans know in due course.

Mr. Fildebrandt: So it’s yes.

Mr. Ceci: No. At this time we will not bring in a sales tax without a mandate from Albertans, and there is no plan to do that at this time.

Mr. Fildebrandt: Okay. Thank you.

You say that you’ll balance the budget by 2024.

Mr. Ceci: In six years.

Mr. Fildebrandt: Yeah. Okay. What will the debt be by then?

Mr. Ceci: The debt?

Mr. Fildebrandt: I’m not asking about your three-year plan. I’m asking: what will the debt be by 2024, when you balance the budget theoretically?

Mr. Ceci: Well, I’m addressing the three-year plan before us, and I know it’s \$71 billion.

Mr. Fildebrandt: Yeah, that’s your three-year plan, but this is longer than a three-year plan. Your 2024 balanced budget prayer is going to have more debt racked up because it’s beyond just 2020. How much debt will be racked up by 2024, when you theoretically balance the budget?

Mr. Ceci: You will see those numbers in future fiscal plans.

Mr. Fildebrandt: So we have to wait for several years. But you’ve said that you have a plan. How much debt will be accumulated by the time your plan is theoretically executed?

Mr. Ceci: I can tell you about the debt in this fiscal plan.

Mr. Fildebrandt: That’s not what I asked about. I’m asking about how much debt. It’s only a few years out. It’s not very far. I’m sure you’ve done some calculations. Has there been any calculation

done in your department about how much debt will be accrued by the time you balance the budget?

Mr. Ceci: I'm talking about the estimates before you, not those that are in future plans.

Mr. Fildebrandt: Well, it's related directly to the fiscal plan. You say 2024.

Mr. Ceci: Sure.

Mr. Fildebrandt: If you're going to say that, you've got to back it up, and I'm asking you to back it up. Has there been any calculation in your department about how much debt will be accrued by the time you balance the budget? Yes or no? Hopefully, we can get to the question before we run out of time. I know we're going to come down close to the wire here.

Mr. Ceci: Yes.

Mr. Fildebrandt: Yes? Can you table that?

Mr. Ceci: It will not be publicly released.

Mr. Fildebrandt: How come?

Mr. Ceci: Because we are dealing with estimates of the three years before us, not future years.

Mr. Fildebrandt: No, no. You've said that you're going to do 2024.

Mr. Ceci: That's right.

Mr. Fildebrandt: If you want Albertans to believe that, you've got to back it up with some math. Why do Albertans not have a right to know how much debt will be accumulated by the time you theoretically balance the budget?

Mr. Ceci: What Albertans will see is a reducing deficit as a result of prudent reduction in expenditures.

Mr. Fildebrandt: Not what I asked. What I asked was why Albertans don't have a right to that information.

Mr. Ceci: We are going to be reducing the deficit over time to zero.

Mr. Fildebrandt: Not what I asked. What I asked was why Albertans do not have a right to the information that you just said exists.

Mr. Ceci: In the context of a fully completed fiscal plan they'll see it.

Mr. Fildebrandt: But you're telling them 2024. You're promising them, and you're not giving a shred of math about how you're going to get there. You're not telling us how much debt will be there. You've just admitted to me right now and to Albertans that you know how much or you have a calculation predicting how much debt will be accumulated by then. My question is simple. Why do Albertans not have a right to that information?

Mr. Ceci: They do have a right to all of the information, and that will be provided . . .

Mr. Fildebrandt: You've just said that you will not provide that information.

Mr. Ceci: They have a right to a complete picture of the information, which will be put forward in future fiscal plans.

The Chair: I apologize for the interruption, but I must advise the committee that the time allotted for this item of business has concluded. This completes the consideration of the 2017-2018 main estimates for the ministries included in the mandate of the Standing Committee on Resource Stewardship.

I would like to remind committee members that Committee of Supply is scheduled on April 19, 2017.

Thank you, everyone. This meeting is adjourned.

[The committee adjourned at 12 p.m.]

