



Legislative Assembly of Alberta

The 31st Legislature
Second Session

Standing Committee
on
Resource Stewardship

Ministry of Treasury Board and Finance
Consideration of Main Estimates

Tuesday, March 17, 2026
9 a.m.

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Second Session**

Standing Committee on Resource Stewardship

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Sweet, Heather, Edmonton-Manning (NDP), Deputy Chair
Al-Guneid, Nagwan, Calgary-Glenmore (NDP)
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Also in Attendance

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Standing Committee on Resource Stewardship

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Ministry of Treasury Board and Finance

Hon. Nate Horner, Minister

Lyndon Epp, Acting Assistant Deputy Minister, Economic and Fiscal Policy

9 a.m.

Tuesday, March 17, 2026

[Mr. Dyck in the chair]

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

The Chair: Well, good morning, everyone. My name is Nolan Dyck, chair of the committee. I look forward to chairing this committee here today. I would like to call the meeting to order and welcome everyone here for this fantastic Resource Stewardship Committee. Today we have under consideration the estimates from the Ministry of Treasury Board and Finance for the fiscal year ending March 31, 2027.

I would like to go around the table and do introductions and have members introduce themselves. Minister, when it comes to you, please introduce yourself as well as your team sitting at the table. My name is Nolan Dyck, and I am the MLA for Grande Prairie as well as the chair of this committee. To my right.

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

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

Mrs. Petrovic: Chelsae Petrovic, Livingstone-Macleod.

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

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

Mr. Horner: Good morning. Nate Horner, MLA for Drumheller-Stettler, Minister of Finance and President of Treasury Board. I'm joined at the table today, starting at my far left, by Joffre Hotz, assistant deputy minister and senior financial officer for Treasury Board and Finance; Darren Hedley, to my immediate left, the deputy minister of Treasury Board and Finance; to my right, Dana Hogemann, senior assistant deputy minister of Treasury Board Secretariat; and to my far right, Lyndon Epp, acting assistant deputy minister of economic and fiscal policy.

Ms Sweet: Good morning. Heather Sweet, MLA for Edmonton-Manning.

Member Ellingson: Morning. Court Ellingson, MLA for Calgary-Foothills and shadow minister for finance.

Member Hoyle: Good morning. Rhiannon Hoyle, MLA for Edmonton-South.

Mr. Gurtej Brar: Good morning. Gurtej Singh Brar, MLA for Edmonton-Ellerslie.

The Chair: Excellent. Thanks very much. We have no one joining us online. If somebody does, we'll have them introduce themselves when the time comes.

A few housekeeping items here for today. Microphones are operated by *Hansard*, so you don't have to run them yourselves. Committee proceedings are live streamed on the Internet and broadcast on Alberta Assembly TV. The audio- and videostream and transcripts of meetings can be accessed via the Legislative Assembly website. As I said, we'll deal with the remote participation at the time. Please set your cell phones and other devices to silent for the duration of the meeting. Any cell phones going off, I will be insisting on a big fine. Don't know what that is;

depends on how loud it is. We'll do that, but we've only had one incident and no fines yet, so we'll deal with that if it comes. Thank you for putting your cell phones on silent.

The main estimates for the Ministry of Treasury Board and Finance shall be considered for six hours. Therefore, it is the first of two three-hour meetings. Standing Order 59.01 sets out the process for consideration of the main estimates in legislative policy committees. Suborder 59.01(6) sets up the speaking rotation for this meeting. This is available through Warren if you want to see a hard copy or available on the internal website.

When the time comes, both members have to agree either to go back and forth, or the minister can choose block time as well, or both can choose block time if they choose. We'll deal with that per individual who is speaking and asking questions. Now, saying this, all the time please reference your questions to the chair. I'm the chair; just reference that. That sounds great.

Now, halfway through each three-hour block I would like to take a five-minute break near the midpoint of the meeting. However, the meeting clock will continue to run. I do need unanimous consent for this, so if anybody says anything, we can't have one. Does anybody oppose having a break? Perfect. Five-minute break. We will take that about halfway through.

Ministry officials, those both at the table and in the back, at the direction of the minister may address the committee. Ministry officials sitting in the gallery, if the minister asks, please come on up to the podium, say your name, and then speak about what the topic is. Nobody may approach the table. We have some excellent pages around sitting over here and over here. If you would like any information passed between the minister or anybody at the table and the gallery, please use the pages. They do a great job.

Points of order will be dealt with as they arise. Any written material provided in response to questions arisen during the main estimates shall be tabled by the minister in the Assembly for the benefit of all members.

Now, I would like to give the minister an opportunity to open us up. Ten minutes, Minister, and I look forward to hearing from you.

Mr. Horner: Sure. Thank you, Chair. Good morning, everyone. I'm Nate Horner, President of Treasury Board and Minister of Finance. Just one more time – I did introduce these folks, but I'm going to do it one more time. I'm joined here today by Darren Hedley, the deputy minister of Treasury Board and Finance; Dana Hogemann, senior assistant deputy minister of Treasury Board Secretariat; Lyndon Epp, acting assistant deputy minister of economic and fiscal policy; and Joffre Hotz, assistant deputy minister and senior financial officer for Treasury Board and Finance. I would also like to acknowledge that there are several other representatives of the ministry, government, and related entities who are in the gallery here today, and who will be ready to answer any questions. Today I'll outline the 2026-29 business plan and estimates for the Ministry of Treasury Board and Finance, which includes the Treasury Board and Finance department, the Public Service Commission, the agencies, boards, and commissions that report to me as minister.

On February 26 I tabled a budget that focused on what matters. We're committed to making responsible choices that benefit all Albertans by controlling costs and setting clear priorities to ensure taxpayer dollars are spent wisely. Like many jurisdictions, Alberta is facing uncertainty in the global economy, and as a result, our economy is forecast to grow at a slower pace in 2026. This is due to ongoing trade uncertainty following broad tariffs introduced by the United States last year, while slower population growth weighs on economic activity.

Despite the slowdown, Alberta is still expected to outperform the rest of the country this year. Most importantly, we will continue to deliver the services Albertans rely on. We continue to invest in health care capacity, including hospital beds, health care professionals, and critical services. We are strengthening education by increasing funding to reduce class size and complexity and supporting educators as they provide students with quality learning. We're also bolstering the economy by investing in industries, infrastructure, and a skilled workforce.

I'd like to take a few minutes to provide details on each of these priorities. It's no secret that Alberta remains the best place in Canada to live, work, and raise a family. While we have a track record of welcoming newcomers, the elevated population growth in recent years has created pressures on our programs and services, including health care. That's why our budget decisions prioritize patients and are geared toward improving capacity, with an investment of \$34.4 billion in the health care system. This funding will go towards hospital beds, health care professionals, and the services patients rely on when they need it most. That's a \$1.9 billion increase to ensure Albertans receive the care they need when and where they need it.

This includes an additional \$525 million in funding to deliver 50,000 more surgical procedures over the next three years by leveraging chartered surgical facilities to expand operating room capacity and reduce wait times. And \$1.7 million provided to civil societies will support Albertans in crisis, including those experiencing overdose or substance use disorder, helping them receive timely support and relieve emergency department congestion. There is \$152 million for continuing care initiatives and \$146 million for continuing care capacity and alternate level of care initiatives. This will help patients transition from hospital to appropriate continuing care settings, helping reduce capacity pressures in hospitals.

Turning to another top priority of our government and Albertans. We know that our education system needs more support to address the enrolment pressures caused by significant population growth. To meet the needs of the province's growing communities, Budget 2026 provides \$10.8 billion in operating expenses for education, an increase of \$722 million from the 2025-2026 forecast. This includes \$1.8 billion to support students with specialized learning needs, which is an increase of \$86.5 million from 2025-2026. There's also funding of \$355 million in '26-27 and \$1.4 billion over three years to hire 3,000 more teachers and 1,500 more educational assistants to help address class size and complexity.

Budget 2026's capital plan also invests \$3.3 billion over three years to support new and ongoing school projects, which is \$712 million higher than Budget 2025. This infrastructure funding will build and renovate more schools to meet the needs of growing rural and smaller communities. Alberta is growing, and our ability to provide exceptional learning spaces throughout the province must grow with it.

Alberta's government is also committed to strengthening the economy by investing in the industries, infrastructure, and skilled workforce that drive jobs and opportunity. One hundred and fifteen million dollars is going toward workforce strategies, and \$16 million will go to economic immigration programs and services. A further \$81 million is being allocated for labour relations, occupational health and safety, and employment standards. In '26-27 there's \$4 million to support training opportunities for Indigenous people in Alberta through the employment partnership program.

Alberta's economy needs skilled people in a variety of positions so it can continue to thrive. To help students pursue their passions, \$1.3 billion is going towards Alberta student loans, scholarships,

and grants to help reduce financial barriers to postsecondary education. The apprenticeship learning grant of \$96 million will expand classroom instruction seats across the province and respond to demand for apprenticeship training, and targeted enrolment expansion initiatives will benefit from \$148 million over three years to increase the number of seats in high-demand postsecondary programs such as health care, education, and engineering.

9:10

Alberta's greatest resource is its people. It's the people of this province who have made it rich with talent and strong communities. We're funding a number of projects that will ensure we continue to build these strong communities. For example, \$169 million is being allocated to support effective wildfire mitigation and \$80 million in capital funding over three years to expand irrigation capacity and modernize water supply needs. More than \$179 million in grant funding in '26-27 will be allocated from the First Nations Development Fund to help support First Nations economic, social, and community priorities. Over three years \$2.4 billion in provincial funding, including \$1.1 billion in federal support, will go toward LRT projects to enhance connectivity for the growing populations in the two largest metropolitan areas.

We continue efforts to establish Alberta as a destination of choice for companies to innovate and scale in high-impact sectors through the Alberta technology and innovation strategy. We're also positioning the province as a prime destination for international and local data centres through the implementation of the Alberta artificial intelligence data centre strategy. Growing businesses and industry is paramount to the province's ongoing success. Budget 2026 invests \$155 million for the orphan wells society. Agriculture support and insurance programs delivered by the Agriculture Financial Services Corporation, or AFSC, are receiving \$605 million, and in '26-27 investments of \$28 million will go towards the investment and growth fund, and \$15 million for the Invest Alberta Corporation.

Budget 2026 increases access to affordable, high quality, and inclusive licensed child care and commits \$2.1 billion for this program, and \$405 million will go to the Alberta child and family benefit program in '26-27 to support lower and middle-income families with children under 18. As well, there's \$156 million in '26-27 to deliver prevention, intervention, and mental health and addiction services for children and youth in schools and in community, and \$22 million in '26-27 to build and \$53 million to operate recovery community facilities across the province. The affordable housing partnership program will receive \$768 million over three years to support the goal of creating 13,000 affordable housing units. More than \$217 million in '26-27 will support homeless shelters, navigation support centres, and housing support programs, and \$64 million will go to seniors' lodges through the lodge assistance program.

The 2026 capital plan focuses on building communities and maintaining important public infrastructure that supports families and businesses. A total of \$28.3 billion is being allocated over the next three years, which is \$2.2 billion more than Budget 2025. Funding is being invested into many areas to expand capacity in the education and health care systems, support skills development and training, build roads and bridges to support economic activity, and spur private investment and growth. The funding also supports investments in Alberta's growth, enabling opportunities for private sector participation and supporting more than 31,000 direct jobs and 14,500 indirect jobs annually through '28-29.

Now I'll speak briefly about the three outcomes of Treasury Board and Finance's '26-29 business plan. Treasury Board and Finance is committed to a strong and resilient financial foundation

that maintains fiscal discipline and supports sustainable government services. We will undertake a review of our fiscal framework to assess what measures are appropriate to support sustainable fiscal planning for Alberta. Outcome 2 of the business plan also ensures policy and regulatory oversight of the financial securities, insurance, and pensions sectors is effective, fair, and in the interests of Albertans.

The Chair: Excellent. Thank you, Minister, for your comments. I really appreciate that. It was a great way to kick off the meeting.

We now begin the question-and-answer portion of our period. This is a 60-minute block. This is a caucus block, so you can't cede time. In the future, in the 10-minute blocks, that is a member-only time, so you can cede time. Minister, would you like to go back and forth over this time or would you like block time?

Mr. Horner: Happy to go back and forth.

The Chair: Perfect. Excellent.

Just for the record, nobody can speak more than 10 minutes at a time before pushing it back to the other member. Excellent. Member, it looks like it's in your court here. Go ahead.

Member Ellingson: I've never heard that joke before. Thank you, Chair. Happy St. Patrick's Day to everyone. [Remarks in Gaelic] May the blessings of Patrick be upon you. I'd also like to acknowledge that we are today on Treaty 6 territory and that Alberta also is in Treaty 7, Treaty 8, Treaty 4, and Treaty 10 territory as well as the Métis Nation of Alberta. I think it's important in all of our work that we consider truth and reconciliation and that all of our actions are considering truth and reconciliation, as is the very budget itself.

Through the chair I want to thank the minister and all of those in Treasury Board and Finance for the work done in preparing this budget and for the support and participation in today's discussion. Preparing this budget is a monumental undertaking. I think most Albertans really don't appreciate how much work goes into the operations of the government of a province. It's far larger and far more complex than any company, I'm sure, that they have ever touched or had exposure to. This is important work, and it's equally important that we take the time to have these discussions and consider some of the decisions that had been made.

The budget affects the lives of all Albertans, and we should be considering the lives of the most vulnerable and always keep in mind that we are all treaty people, as I said, and strive to address the recommendations made by the Truth and Reconciliation Commission. Last year we had a respectful and meaningful discussion, and it is my intent that we have a similar cordial conversation this year. I also remember that last year, Minister, you were disappointed that we didn't ask more questions about the deficit, so I thought maybe that would be a good start for this year since the deficit is slightly larger.

Page 7 of the fiscal plan reminds us of the fiscal framework and the allowable deficit for the year. Just so that we have all the references in one place, the Sustainable Fiscal Planning and Reporting Act, updated in 2024, outlines the rules for projected deficits in section 11.2. There are two scenarios that allow for a deficit, one where the expected revenue is \$1 billion less than the Q3 forecast revenue and the second where the projected revenue is less than the Q3 forecast expense. This budget meets the second criteria, so we can proceed. Given that, there are also rules set out that limit the size of the deficit, that being the greater one of the difference between the budgeted revenue and the Q3 forecast revenue and also the difference between the budgeted revenue and the Q3 forecast expense.

I believe on page 7 of the fiscal plan the Q3 revenue forecast for '25-26 is \$75.3 billion. The estimated revenue for '26-27 is \$74.6 billion. The Q3 forecast expenses are on page 70 at \$79.4 billion. The first rule would allow for approximately a \$750 million deficit while the second allows for a \$4.9 billion deficit, so the greater of the two is the \$4.9 billion. First, through the chair and to the minister: is my interpretation correct? Have I read the numbers correctly? And if we can just say: is the government breaking the rules of their fiscal framework in the budgeting deficit for '26-27?

Mr. Horner: Yeah. I would say that I didn't hear anything in your summation that was incorrect. I'm looking at Darren. Four point nine billion dollars would have been the limit for the size of the deficit, so we're 4 and a half billion outside of that. That is the specific rule that we are breaking right now. I tried to explain that publicly to everyone. I think that when you're looking at, you know, the creators that built the fiscal rules, many of which are sitting at this table, no doubt, I think it's important to understand that you're always looking backwards to see what Alberta has been through in the past, the different impacts of revenue increases and decreases, what the economy is doing alongside of that. What we're noticing now, that is a challenge, is that you're seeing a decline in revenue at a time when the government can't cut expenses to that rate because of the population growth that we have seen.

9:20

I've told you these statistics before, Mr. Ellingson. We travel in some of the same circles. You've heard me say this. Historically there was always an economic cause for the population wave that Alberta saw. If you look back into the early 2000s, from 2004 to 2008 – I'm going to highlight that time because that was definitely a population surge – we saw the population increase in the province by roughly 11 and a half per cent. Alongside it we saw economic growth of about 24 per cent. What we've seen this time is about a 13 and a half per cent population growth from, say, '21-25 with an 8 per cent economic growth. That's what makes this time a little different. A lot of people came here for a lot of reasons, but we were creating more jobs than anywhere in the country. There was more opportunity, but it was mostly an affordability . . .

Mr. Ellingson: I appreciate that. I actually have more questions. We're going to get more into population growth, and we're actually going to get more into also kind of like: when you look back, what has Alberta been through in the past? So we're going to talk about that a little bit also.

Mr. Horner: Size of the deficit is the rule that we're breaking, and that's the one that I've been clear will need to be amended in the fall legislation.

Mr. Ellingson: Correct. Thank you for that.

The Chair: Just as a reminder, Member, just make sure it comes through the chair and not just direct to the minister, too.

Mr. Ellingson: Thank you, Chair.

The Chair: Thank you, Member.

Mr. Ellingson: So, Chair, and to the minister, the fiscal framework also requires that once a deficit is recorded, the budget must return to balance in three years. Granted, we don't know the final numbers for '25-26, and recent events driving up the price of oil by more than \$40 a barrel overnight might yet just save this government from their preceding deficits. However, in the minister's own

words, that is unlikely, and the budget tabled forecasts three more years of deficits, leaving us with no path to balance.

In a *Calgary Herald* article dated February 26, 2026, entitled *New Budget on Course to Collide with [the Province's] Own Fiscal Guardrails*, Trevor Tombe is quoted as saying, "This was the first test of the [fiscal] framework, and it failed." He further said, "The whole point of a fiscal anchor is to affect fiscal policy, to help ensure sustainable public finances." In the same article the minister is quoted as saying:

The consequences are political. We created these rules and I'm breaking them. It bothers nobody more than it [bothers] me. [Further] we created them to constrain us, help us make good decisions in tough times, because Alberta's tax structure, royalty revenue, is unique . . . Our plan is to amend what we must and continue moving forward.

Through the chair to the minister: do you agree with these statements, that the government has failed in its first test of the fiscal framework?

Mr. Horner: I think if you look around the world at jurisdictions that have brought in fiscal rules, there is no example where the fiscal rules need to be as complicated and thoughtful as for Alberta. There's no comparison because of the volatile nature of our resource royalties. I think that's the first part.

The second part is that we did bring these in. We created these. I stand by that you are always reaching for guardrails and anchors to position yourself because the world is always changing, whether it's population growth or some kind of economic calamity and in the good times as well. The fiscal rules also limit what we can do with surplus cash.

I would say that when these rules have failed elsewhere, they generally are just repealed. Maybe it's a change of government, change of leadership in the same government that didn't agree that they wanted to be hemmed in in the same way. I do want to be hemmed in, so I do want to amend the rules in a way that works for Alberta but in a way that Albertans will understand and accept. I don't think there's any – you know, the economists will always say what the economists say, but there's no reasonable landing place for this budget where we would have cut four and a half billion dollars out and Albertans accepted it. I do believe that.

When I said in the article that, you know, the implications are political: we set the rules, I'm breaking the rule right now, and I'm being very clear that we're going to amend the rules. But I don't want to throw the baby out with the bathwater. I want some rules that will work for the province.

Member Ellingson: Through the chair to the minister, then: you plan on amending the Sustainable Fiscal Planning and Reporting Act rather than repealing it and writing something new?

Mr. Horner: Correct.

Member Ellingson: Through the chair to the minister: will those amendments be service cuts, tax increases, accumulated debt burden for future generations? I'm sure there have already been conversations and discussions happening about what those amendments might look like. What is already being considered?

Mr. Horner: Well, the rule that we're technically breaking over the size of the deficit: that is the amendment that I'm speaking of that will have to happen in the fall. We are technically outside of that. The three consecutive deficit rule: admittedly, I believe we're breaking the spirit of the rule by not showing a path to balance, but we technically have not broken it yet. I'll commit to you that I

would fully expect that the size of the deficit rule will be amended in the fall. Those are the considerations that we're having.

Member Ellingson: Through the chair to the minister, in the spirit of that second rule, the three-year rule, I guess technically you're not breaking it until you actually incur the deficit in the third year, but you've got to think about it long before that. I guess we'll look forward to seeing just how large you're willing to let the deficit go as we amend those rules. We'll talk a little bit later about how we – if there are any thoughts around, like, how you would fill that gap.

Through the chair – I'll just keep going – while it might not be explicitly stated in the budget, there are hidden incremental increases to the personal income tax in the budget. The minister will recall that Bill 32, the Financial Statutes Amendment Act, 2024, set the index rate at 2 per cent or inflation, whichever is less. On page 21 of the fiscal plan the forecast inflation rate is 2.1 per cent for each of 2026, 2027, and 2028, so the 2 per cent would be less than 2.1 per cent. Through the chair to the minister, this seems like an insignificantly small percentage difference. In the \$15.9 billion budgeted revenue from personal income tax, what would be that number if the brackets had increased with inflation? If the brackets had moved up 2.1 per cent instead of 2 per cent, what would the difference in revenue from personal income taxes be?

Mr. Horner: I might ask Lyndon to comment on this specific.

Mr. Epp: Yes. Through the chair to the member, the increase in personal income tax revenue will be approximately \$10 million.

Member Ellingson: In each of the three years?

Mr. Epp: Yes. The difference between those two is about \$10 million for income tax.

Member Ellingson: Thank you.

Through the chair I'll continue. The government is making references to these challenging times and the volatility of nonrenewable resource revenue and budgeting to cover the investments that we need to drive future growth. I took a moment to look at resource revenues in the past several years to stress test if the government is facing challenges similar to governments in the past when we think about what might happen and what those guardrails might be as we move into the future. According to the government of Alberta's annual reports nonrenewable resource royalty was \$22 billion for the year 2024-25, and I'll use that as a reference as that year produced a sizable budget surplus for the government. This declined to \$16.3 billion in '25-26, a decline of 24 per cent, and the budget estimates that those revenues will decline to \$13.2 billion, or a total decline of 40 per cent from '24-25, for the budgeted year coming up.

Chair, with your permission and patience, let's just take a walk back in time to a different government in Alberta. In 2014-15 nonrenewable resource revenue was \$8.9 billion. The following year, in 2015-2016, that number dropped to \$2.8 billion, a decline of 69 per cent in just one year. Keep in mind that the starting point was one-third of the starting point of this most recent decline and that revenue earned in that low point was less than one-quarter the forecast revenue of nonrenewable resource revenue for 2026.

9:30

With further patience from the chair, I'll use one more example. In 1986, according to the Fraser Institute, the government's nonrenewable resource revenue declined by 62 per cent from the previous year. This was a result in the collapse of oil from \$25 to \$12, noticeably lower than it is today, a collapse in magnitude of

more than double the current decline in the price of oil. Through the chair to the minister: given these numbers does the minister agree that we have some history here, that previous governments in Alberta have faced greater fiscal challenges than are being faced today, and maybe there are some lessons learned there when we think about our fiscal guardrails?

Mr. Horner: I think no doubt every iteration of government faces different challenges. I think it's impossible to look at revenue without looking at expense and looking at what, you know, the movement of time does, whether that's population growth with a fast-growing province. I don't know if Albertans think of it this way, but as the province grows on a per capita level, we continue to dissipate the potency of our bitumen royalties. We only have so many royalties but the population continues to grow, so on an impact per person: as the province grows, it will continue to decrease. When you couple that with what we've seen with costs, whether that's construction costs for government infrastructure, which have gone up at least 30 per cent in the last five years, you have less of that benefit per capita, but you still have the need to build the things that cost more money. So I do think that you need to look at revenue and expense separately, but to truly understand the story in a moment in time, I think it's impossible to separate those two things.

Member Ellingson: Thank you for that. Through the chair to the minister. I will just comment that population has not increased by a factor of four and nonrenewable resource royalties have, so I think we can, you know, give that some consideration.

Mr. Horner: Yeah. You also have to be clear, not only inflation but also compensation. Fifty-four per cent of the operating expense of government is in the public sector. We've seen what's happened over that time.

Member Ellingson: Through the chair to the minister. We won't get into a conversation about what happened to public-sector compensation over the last 12 years because I think that'll get us into a mess, both here and with public-sector workers.

Through the chair, in the budget year production will be at record highs, and nonrenewable resource royalties will be the fourth highest on record. Note that in '23-24 that was the highest, and the second highest was in '24-25. The third highest was '25-26, and now we're in the fourth highest, all since those four high record numbers, all with the current Premier and the government that was elected in 2023. Through the chair to the minister: can you explain to Albertans the out-of-control deficits that we see all in the light of near record high growth in energy production and the government receiving the fourth highest on record of resource revenue?

Mr. Horner: Well, I think you have to look back at some of those years at what actually happened, right? You know, I've said this many times. No jurisdiction in the world has paid off \$15 billion in debt. No jurisdiction in the world has doubled the size of their sovereign wealth fund, or in our case the heritage fund, and that's the other part of the fiscal rules that we touched on briefly. It's doing the right thing when you are in a surplus cash position and then weathering the deficit cycle.

I think that's part of the vision for the province that's hard to see in a three-year budget, having a plan to limit spending growth. Really, how do Albertans feel the roller coaster ride? They see ratcheted up spending to catch up, we're behind, we have an infrastructure deficit, all these things that needed to be done, and then we hit the hard years and you see the drastic, dramatic cuts. By keeping that line smooth, population growth plus inflation, doing

the right thing in the good years, every dollar going to improve our net position one way or the other through debt repayment or investments and then weathering the deficit cycles – you made a comment about, you know, one of the articles you're referencing. If Albertans are uncomfortable weathering the deficit cycles – they have no problem with what we've done in surplus years. If they're uncomfortable with the deficit cycles, then if they want to fill that gap, if they want more stability, it will have to come through taxes in some form.

Member Ellingson: I'll stop there. Thanks through the chair to the minister.

Just a couple of comments before I keep going. Of course, no other government, I think, that we know of also got a tripling of nonrenewable resource royalties to \$25 billion, allowing the payoff of debt and, you know, putting some money into the heritage fund. That's a bonus that most governments don't get. We can have a conversation at another time, perhaps in the peace lounge, about whether or not Albertans are comfortable with deficit.

We moved through these past few years. We also know that we moved into the postpayout period for oil sands. This both radically increases the royalty rate but also makes us move into considering the sliding scale to which royalties are paid. Not only have we moved from, like, a 1 to 3 per cent royalty rate to a 30 to 40 per cent royalty rate, but the royalty rate escalates as the price of oil goes up, too. That results in, setting aside the per capita basis, the budget being actually more sensitive to the price of oil today and more on the resource roller coaster than we were in the past.

Last year when presenting the budget for '25-26 the minister suggested that delaying the promised personal income tax cut to 2027 might have been needed to get closer to balance, and just two weeks ago while speaking at the Calgary Chamber of commerce – as you said, sometimes we're in the same circles – the minister again suggested the budget is challenging given that tax cut. So through the chair to the minister: fiscally speaking, does the minister believe the personal income tax cut was the right thing to do? If I could ask a follow-on, what is the foregone revenue of that tax cut? If that personal tax cut had stayed in place, what would be the difference in personal income tax revenue for 2026?

Mr. Horner: Yeah. I'll ask my team to follow up. I believe \$1.2 billion to \$1.4 billion is the impact.

I would say this. It's important for elected people to do what they say they're going to do. The Premier made it clear that this was a commitment in the election. I'm happy that we could follow through with that for Albertans. We did delay it. We saw the population wave that was coming our way. I've also been clear that this day we could see coming, inching towards us, seeing the need for schools, what it was doing to the capital plan, just the challenges of a growing province. Also, affordability is still the number one thing that we hear about.

Member Ellingson: Can I use that as a segue?

Mr. Horner: Just a sec. It's still the number one thing that we hear about, right? I know that, you know, despite our back and forths in the House in question period, you all understand that as well. There are very few levers that we have as a government to impact everybody, and this is a way to impact those in that lowest bracket at a time when we feel that the balance sheet of the province is able to withstand this better than many Albertan households were.

To your question: am I glad we did it? I am. Does it make this job more challenging? It does, but I still believe it was the right thing to do.

Member Ellingson: Thank you. I appreciate that response.

Again through the chair, if I continue. Last year, Minister, we talked a little bit – oh, it was actually Member Armstrong-Homeniuk that had previously mentioned that approximately 40 per cent of working Albertans aren't actually paying taxes, that they are in that lower bracket. They're maybe not filing their taxes or they have credits and things that are going against their taxes, so we have had conversation before about whether or not that tax cut applies to those 40 per cent.

9:40

I'm going to expand on this a little bit. The government continually states that Alberta is the lowest taxed jurisdiction in the country. With patience from the chair, I'll share some personal income tax rates for 2026. Alberta's new lowest rate is 8 per cent on income of \$61,200 or less. That is higher than all three territories and the provinces of Ontario, which charges only 5.5 per cent on income of \$53,891, or less than British Columbia, that charges only 5.6 per cent on incomes of \$50,363 or less. The government of Alberta reports that median income in Alberta is approximately \$63,400, suggesting that nearly half of working Albertans are below the lowest tax threshold of \$61,200. Being below that threshold means that they're not really gaining on that lower tax cut. Most of that gain is going to be going to people who are above that.

With nearly half of working Albertans at an 8 per cent rate and with five other jurisdictions in Canada charging lower rates for people in that same income group, how can the government say that Alberta is the most competitively taxed jurisdiction in Canada? When making that statement, you're ignoring half of working Albertans.

Mr. Horner: No. You're ignoring the fact that we don't have a sales tax on those folks as well. Every time they go to the store to buy milk or baby formula or anything that they need, that is a major impact to households. Sixteen point nine billion is our tax advantage if you overlaid B.C.'s tax structure on Alberta, and that doesn't include the personal income tax increases that they've just announced in their budget, so that's somewhat old data.

You're right. I believe our numbers show us that about 38 per cent of Albertans would be in that grouping that wouldn't pay a PIT, and there are a number of reasons for that: the highest basic personal exemption in the country, high level of credits, and ability to work with family and spousal credits. So I think, to your question about who sees it, no, I can't cut your taxes if you don't pay taxes. You know, I think that's fairly obvious. But we need to continue – if you're going to be a low-tax jurisdiction, which we are, you have to stand behind those broad advantages and understand that the segments of the population that are both paying taxes and revenue and consuming services. I think, going forward, Albertans do need to understand who's using services, what services actually cost, and where our revenue comes from.

Mr. Ellingson: Through the chair to the minister I will say that in pulling in the sales tax into the conversation, there's a whole lot embedded there. I think it's disingenuous to the people who are below that first threshold just to kind of, like, discount them in that way, so I'll ask again. The benefit to that tax cut: if we look at the top 10 per cent of income earners, what percentage of the tax benefit accrues to that top 10 per cent?

Mr. Horner: I might have to ask Lyndon. We'd have to get into that.

Mr. Ellingson: Well, I'm in committee. You can come back with that in a moment. I know that when it comes to personal income

taxes, Alberta does have a distinct advantage over other provinces as you move up the income scale. If you earn more, you have a clear income tax advantage over other provinces in Alberta.

When the UCP government was elected in 2019, one of the first acts was to reduce the corporate income tax to 8 per cent, the argument being that lower taxes generate larger revenues. I'd like the minister to provide some detail on the corporate income tax. Through the chair, with some patience I'll also pull in some other references. According to report Head of the Class 2024, published in September 2025, ATB reports 132 companies with headquarters registered in Alberta that have combined revenue greater than \$500 billion and an average revenue of \$13 billion. What percentage of the corporate income tax receipts of the province come from these largest companies, and what is the foregone revenue from those companies alone had the corporate income tax stayed at 12 per cent or lowered to 10 per cent?

Mr. Horner: Well, I think if you want those kinds of detailed numbers, Lyndon will try to get them. But I'll ask you this: please don't make a bunch of homework for my team or expect that this is going to be a long list of written submissions. I'm happy with the back and forth and I'm happy to answer your questions, but I don't want to make a bunch of work for these folks. But we'll try to get you that.

You can't just look at percentages and make assumptions. You know, we believe that that encourages more companies to be headquartered here, to choose Alberta to be the home base for their business. Just changing the rate up and down and not understanding what some of those other moving parts would be, I think, would be reckless. We've seen corporate income tax increase greatly at a lower rate. That's what we stand behind. These are people that are creating jobs. It's not luck that we've created more jobs than any other place in the country. If it wasn't for Alberta, Canada would have a net negative job number for last year. We're proud of the fact that we're a place that people are choosing to set up their corporation, create those jobs in some exciting, you know, sectors like aerospace. You've seen what De Havilland did, leaving two different provinces to choose Alberta. They had operations in British Columbia and in Quebec. That's a value proposition that we want to keep, think will serve the province well.

Member Ellingson: Through the chair to the minister, I very well know that there are a number of factors at play when a company chooses to locate or relocate, and I appreciate that shortly after dropping corporate taxes, there were companies that moved their headquarters out of Alberta, even after having been granted a lower corporate tax rate.

In 2024 this government passed the Real Property Governance Act. This act requires that all agencies, boards, and commissions compile lists of unused and underutilized assets and that those assets be transferred to the Ministry of Infrastructure at the government's discretion. Are there any assets that have been transferred to Infrastructure that are now being considered for sale to close the budget deficit? Are there any Crown corps or subsidiaries of Crown corps that are maybe considered to be on the chopping block? Is the government considering the sale of ATB or AFSC to close the budget gap?

Mr. Horner: When it comes to the specific infrastructure questions related to the real property governance change, I think you should direct those to the Minister of Infrastructure. There's nothing specific in there that we've had a back and forth on with Treasury Board and Finance and Infrastructure as far as things that we would be looking to sell.

When it comes to ATB, we have had no conversations or – I think I told you this last year – no intentions to sell ATB. There have been offers, as I understand it, over the years or, you know, people that have asked the question, “Would the government be interested in that?” but we’re not. We think that that is an asset. You know, in our consolidated books that will continue to grow. We think it serves the province well. I think they have 22 per cent of the deposit share in the province. I can probably get ATB up here to give you some details if you’d like. But, no, there are no conversations about the sale of ATB at this time.

Member Ellingson: Thank you for that. Through the chair, I’m sure that there have been offers for ATB because their financial performance is pretty good.

According to AIMCo’s reporting the 10-year rate of return for the agency is 7.4 per cent. On page 149 of the fiscal plan it estimates the balance of the heritage trust fund to be \$29.9 billion in 2026. I’ve verbally heard some numbers that are maybe slightly higher than that. The goal is to increase the value of the fund to \$250 billion by 2050. We know that it is highly unlikely that there will be deposits to the fund in ’26, ’27, or ’28. At a compound rate of return of 7.4 per cent for 24 years, bringing us to 2050, the fund would stand at approximately \$166 billion, far short of the target. With no additional cash deposits the fund would need to earn a rate of 9.15 per cent to reach that \$250 billion target. Does the minister believe that an annual rate of return for the next 25 years of 9.15 per cent is achievable?

9:50

Mr. Horner: I’ll start at the beginning because there are a lot of different numbers that get used regarding the heritage fund. There’s market value. There’s book value. There’s ending calendar year, ending fiscal year. We believe it will be at \$32.1 billion by the end of March. If you’re using that as a starting point, you would need just under 9 per cent compounded over 25 years to hit the target.

The 10-year period you referenced: I think it’s important to understand that the direction regarding the investment asset mix, SIP and G, the statement of investment policies and goals, that came from my department on behalf of the Treasury Board hadn’t been updated in a very long time. They’re actually still in that process right now with the new corporation, Heritage Fund Opportunities Corporation. We’ll be having that discussion with AIMCo regarding, you know, the risk they’re willing to take, the type of assets, the timeline.

I think it’s important to understand that in a lot of ways the heritage fund over the years was invested not much differently than a lot of the pensions invest. It didn’t have a 25-year growth period. It wasn’t patient. It wasn’t wanting to make withdrawals every year. That change alone, we would expect, would have a fairly dramatic impact on actual returns. If you’re going to invest it like a pension plan because you plan on taking, you know, historically the \$1 billion, the \$1.2 billion every year, maybe that works, but we do want to ensure that it has an asset class that is looking out that far into the future.

But I would also say that it doesn’t require further deposits to hit the mark. Like I said, it would be just under 9 per cent. The last five years they’ve done about 8.8 net of fees; you referenced a 10-year number. I think it’s certainly in the realm. I wouldn’t say it’s conservative, but we do have high expectations with, you know, best-in-class team, global expertise from within Alberta. Yeah. We think it’s going to work.

Member Ellingson: Thank you for that. Through the chair to the minister, I think we’ll see over time clearly that to achieve a higher

rate of return requires a higher rate of risk, and the degree to which we’re willing to put those assets at risk to earn that return maybe is a conversation for another day, maybe in committee, over the heritage fund. Twenty-five years is a long time to forecast, to be hopeful that we’ll achieve 9 per cent; 25 years, year after year, into the future.

Mr. Horner: I don’t want to interrupt you, but I’d just say that it’s also a more reasonable timeline to look at returns broadly. Any five-year span, any 10-year span, you’re going to have those periods, but historically if you look back over a time of 25, I think it’s a lot more predictable, you know, the way the markets will react.

Member Ellingson: I would agree on that, which is why I would lean more towards the 10-year than the five-year. That’s why I kind of lean more towards the 7.4 than the 8.8.

Through the chair to the minister: this is perhaps a longer conversation, but in looking forward to those 25 years into the future and the goal of the heritage fund, I think we also need to consider that if our operating budget continues to increase by 3 per cent year over year, our operating expenses would double to \$140 billion by 2050. So when we’re considering how much is in the heritage fund, the rate of return that we’re getting, and what kind of operating expenses we want to cover, you would continue to need to earn that 9 per cent a year on the \$250 billion to cover even less than 20 per cent of operating expenses in 2050. Again, maybe not a conversation that we have today, but I’m curious. Over time, you know, how do we continue to have – does the minister have plans for those ongoing honest conversations with Albertans about the future value of the heritage trust fund?

I guess what I’ll just say is that it’s sometimes difficult to have conversations. People feel affordability pressures today. It’s difficult to look forward and say: I’m going to get this benefit 25 years from now. The reason the federal government created the Canada pension plan is that people were kind of more in the today than they were in the tomorrow. Does the minister have, I guess, some thoughts about those conversations with Albertans, about what do we really want to achieve, what do we really want from the fund in 25 years, and bringing Albertans along to appreciate that and willingness to be patient with that investment?

Mr. Horner: Yeah, no doubt that expenses will continue to increase over that time, and it’s a long time horizon. I look at it this way. Historically, you know, from Ralph, from the times of paid in full, a very proud province to be debt-free at that moment in time. We go to the capital markets and borrow money when we’re in a deficit. We don’t when we’re in a surplus. Historically, we haven’t been treated well by the capital markets; our debt servicing hasn’t been reflective of our strong balance sheet. I think if Albertans understand that the capital markets want to see us at the markets maybe more frequently – you know, don’t come one every three years. Come every year but at a lesser amount. Plan it out, keep your debt servicing down, and plan for the future focusing on this net position.

As long as Albertans are focusing on our net position, then you should believe that whether that dollar goes to debt repayment or in the heritage fund, those things are equal when we’re looking at our books, but one has a chance to grow. Like, if we do look at the five-year or use the 10, they would be similar, you know; 8.8 per cent versus 3.7 per cent, our debt is costing us. So there’s an opportunity to grow. Expenses are going to grow with that as well. But when you get to 2050, if you map this out over 25 years, use whatever percentage you want – use 8 per cent; use 9 per cent – and get there, the investment income in those last years, when the fund gets to that

size, would be in a position where you could take, let's say, \$10 billion off a year, and it would still be growing by \$6 billion, \$7 billion and continue to grow out into the future.

That purchasing power, the ability of what we can do with that \$10 billion will be less in 25 years than it is now, but it equates to, using the sales tax calculation you asked us for, like an 8 per cent sales tax today. That's the power of what it'll be, and I think if you can show me a better plan of how to deal with this – this is the best plan I've ever seen in the history of Alberta for how to manage this – I'm all ears. But I think if Albertans are able to weather these deficit years, understand that it's better to put this on our balance sheet, then it isn't really impacting them today, and we're growing that fund for the future.

Mr. Ellingson: Thank you, Minister, through the chair, it is clear that, yes, \$10 billion 25 years from now is significantly less than \$10 billion today. It's also a much smaller share of the operating budget 25 years from now. But I'll move on a little bit to talk about the population growth and maybe ask some questions about the population growth.

The vision statement of the strategic plan reads, "In recent years, the province's population has grown faster than any other Canadian jurisdiction, leading to unique challenges, particularly during these economically volatile times." This rapid population growth has led to these unique challenges or demand on health care and education infrastructure outpacing the ability to provide quality service. Emergency room wait times are up, overcrowding of classrooms is a commonly cited complaint of Albertans. On page 35 of the fiscal plan, it is acknowledged that near-term economic growth "will be dampened by slower population growth." That suggests that it is understood that population growth also leads to economic growth. In our discussion last year, we talked about how migration does lead to economic growth. But the minister shared that it takes, you know, maybe 12 to 18 months for people to find a job and get settled and be paying taxes and buying a home.

10:00

We can also see on page 150 of government estimates allocations for immigration and newcomer integration. These are valuable investments as Alberta grows, but I'd like to pursue the conversation regarding additional expenses related to newcomers coming to Alberta. As I said earlier, the fiscal plan alludes to these challenges faced by population growth. The Premier has suggested that those with nonpermanent resident status are resulting in higher costs for social programs, health care, and education, but the budget doesn't break down those expenses. Forgive me; I might ask for some more homework.

Most nonpermanent residents come to Canada and Alberta to work. According to Statistics Canada total nonpermanent resident migration to Canada totalled 800,000 in 2023. This is the peak year. It's estimated that 10 per cent, or 80,000, were not temporary foreign workers or international students. Before I continue, I would like to ask just one question. Can the minister confirm that temporary foreign workers coming to Alberta are paying taxes in Alberta?

Mr. Horner: Yeah. Certainly. I'm just looking at Dana's computer here. The stats are hard to break down just because they're not collected in this way, but we do know that nonpermanent residents accounted for approximately \$152 million in provincial personal income tax paid. That would be from 2023, which I think is the latest year's stats we have available.

I know that when the Premier has talked about some of those, you know, per capita costs around health care and education, I think it's

been referenced that on a per capita basis it would be about \$1.9 billion in health care, \$600 million in education. It's important to understand that there's a net position here, and that's what we're trying to determine on the tax side.

Yeah. You're not wrong. In Alberta it takes a while. We don't have a consumption tax that taxes, you know, immediate economic activity, so you do have to get tethered to the labour market. We've had a high unemployment rate. Even though we're creating more jobs, it didn't align with the wave of people of that size. We are expecting that to come down from highs of 7.7 and 7.8. I think we're predicting 6.6 for this year.

I guess the pendulum always is swinging. It definitely swung too far, in my opinion, for Canada, and Alberta got maybe more than our share compared to the other provinces because we do have cheaper housing, more opportunity. Now it's swung back hard the other way. It will allow the labour market to tighten. You know, it'll allow us to catch up on capital and services. But we will need 2 per cent population growth consistently to replace ourselves and move forward as a province. I think that's something that shouldn't be lost on anybody as well.

Member Ellingson: Understood. Thank you, Minister, through the chair.

I think you have some numbers there. I guess we'll we have to look for some further data. To see that, you know, if NPRs are contributing only \$152 million out of personal income taxes – on the surface it seems a bit distorted that they're paying, like, a very tiny portion of personal income taxes and a higher proportion of health care.

Mr. Horner: The proportion on health care, the things I cited: that's simply per capita, so there are assumptions built in there. This is an actual from 2023 on income tax.

Member Ellingson: Right.

There is an article that I found in the *Globe and Mail*, through the chair, from 28 February 2026: what health care for newcomers costs. The article suggests that the government of Alberta estimates that nonpermanent residents make up approximately 5 per cent of the population and cost the primary health care system \$100 million each year. That would be less than 1 per cent of the total primary health care budget. I'll ask the minister: do those numbers sound accurate, that NPRs are 5 per cent of the population and that primary health care is about \$100 million?

Mr. Horner: I think 5 per cent sounds a little high. I think the number we have is about 281,000 nonpermanent residents. We just exceeded 5 million people, so I think that's a little elevated.

The second part of your question was . . .

Member Ellingson: A hundred million for primary care alone.

Mr. Horner: I'd have to dig into how they're achieving that number.

Member Ellingson: Through the chair I'll also ask the minister: how much does the province receive from the feds to cover health care costs for refugees or those seeking asylum?

Mr. Horner: Federal health transfer number you're looking for or a specific program?

Member Ellingson: Just specifically for refugees, those seeking asylum. It's a separate item from the feds.

Mr. Horner: I might have to defer you to health.

Member Ellingson: Through the chair, the article that I referenced earlier: it was referencing Dr. Falconer, a research professor at the University of Calgary. He says that immigrants use fewer health services than nonmigrants and cost the system less on a per-person basis. Maybe we'll have to defer this also to health. Do we have an understanding of the per capita expense for nonpermanent residents versus permanent residents and citizens?

Mr. Horner: I don't think we have that breakdown that specific for you. No.

To your other point, yeah. You were closer than me. It's 5.6 per cent of the population.

Member Ellingson: So a little bit higher than what I'd suggested there.

Mr. Horner: Yeah. Maybe I just would say this. I'm not trying to take your time, but it's also important to understand. We've already referenced that 38 per cent of Albertans don't pay tax, right? A lot of these folks that we're speaking about would be low income. They may fit in that bracket. I think it's also just important to understand that as we're going through this, we're just trying to figure out who is paying, who isn't. Then when it comes to immigration policy, ensure that we are, you know, targeting the rules that we need; otherwise, we do get this gap in our revenue and our costs continued.

Member Ellingson: I appreciate that. Through the chair to the minister. I'll just keep going a little bit in this, and I'm going to shift gears. It's true that many of them are going to be earning minimum wage and are going to be lower income earners. It again, then, maybe questions why we would be asking them to pay for their health care when we're already acknowledging that they're low-income earners, putting additional pressure on them.

Through the chair to the minister. Last year the contingency was adjusted to \$4 billion, citing increases to public-sector wages and tariff threats. In last year's estimates the minister shared that Alberta was the first province to include tariff threats in the budget and set the possibility – I think it was 15 per cent across all exported goods. In reviewing last year's discussion I noted that it was included not only in contingency, but I asked a question about the differential, the elevated differential over private-sector forecasts, and that that tariff threat was also embedded in that differential. Now, if I'm not mistaken, most of Alberta's exports to the United States were tariff free through 2025. However, there were significant tariffs imposed on agricultural exports to China in 2025. Through the chair to the minister: can you share any details on the real impacts of tariffs to Alberta's economy, including change in GDP, employment, farm receipts, and any government expenditures or supports to farmers as they face those tariff penalties from China?

Mr. Horner: Okay. There's a lot there. Back in Budget '25 you'll all recall that at that time we were hearing, you know, a range of things from the U.S. administration around what we could expect the tariffs to be or be in the end. The 15 per cent we thought was kind of not an average of the rhetoric that we'd heard, but we thought it was something that was plausible. We didn't think 25 per cent was in any way possible for the U.S. or for us, considering our basket of exports is dominated by energy. With what we've seen play out over the course of the year, we think that we have an actual impact more in the range of 3 per cent when it comes to the U.S. tariffs specifically or even slightly lower. A lot of that would be because I think we're 81 or 82 per cent energy. That's energy with

petrochemical and agriculture, which both weren't tariffed over the course of this year in that way.

10:10

When it comes to canola specifically in China, I had many discussions with the federal colleagues. You know, that's the one that we see and feel and hear about the most in Alberta, but also pork and seafood across the country were impacted similarly for some of the other provinces, Manitoba and the Maritimes. When it comes to getting specific help for that impact, we've been clear that if Canada is going to receive the receipts on their countertariffs, they need to find ways to deliver those funds back to the people that are most impacted. They've done a good job, I think, in the manufacturing sector. We've seen some promising conversations on timber. But this is what we see, this tit-for-tat. I think the Chinese administration has been clear that they did that in response to the EV tariff that the federal government put on Chinese electric vehicles. So these things have a real impact.

When you get into farm receipts, it's hard to break it down, I would say, the tariff impact, because they vary so much year to year just on the conditions of the year. Weather and rain impacts yield in such a big way. We have set some records lately for grain exports through the ports, and it sounds like we're getting somewhere with the feds, alleviating what we can control when it comes to some of these more global tariffs.

For the U.S. administration I would just say that we don't forecast rhetoric. I said this last year. We try to make our best assumptions on what's plausible. I have been asked about CUSMA being renegotiated this summer. For the most part our forecast reflects what I call maybe a status quo of the conditions we've been under this year. We still don't think it makes any sense for them to come and tariff energy specifically, especially considering everything that's going on around them. You know, they're depleting their strategic reserve. We basically are their strategic reserve. We think that that's sound. But, yeah, we would expect a status quo even though CUSMA is going to be a big deal here this summer.

Member Ellingson: Thank you for that, Minister. I think it's fair to say, through the chair, that we have learned over the past year, when it comes to global trade relationships, we can't really forecast anything. It seems to change by the minute, and it's not just the United States causing those changes.

I have only one minute and 43 seconds remaining in this block, so maybe I'll just set this up for continuing the next time we come back. I believe that our friends in Ontario and British Columbia took a more significant economic hit from tariffs on their exports than we did. The contingency in the budget under discussion has returned to \$2 billion. It is true that at this time public-sector salary increases have now been included in the budget of each ministry, and we can only hope that we have a period of tariff stability, as you talked about, this year. Maybe we're thinking about more, like, 3 per cent, not 15 per cent, although nothing in the relationship with the United States today can be taken for granted. Even if we do negotiate a new deal, that doesn't mean that they're going to stick to it.

In my closing minute, Chair, there's another threat on the horizon that I wonder if we should be including in our contingency or our considerations, and that is the threat of separation. The debate is already under way.

Mr. Cyr: Point of order. I would like to see the member reference somewhere in the business plan, the budget, or the strategic plan that separation is a part of this. This is 23(b). I would say that he needs to get back to the wonderful meeting at hand because it's

pretty clear that he is really straying pretty far away. Mr. Chair, through the meetings that we've had so far, we've been doing very well. You haven't allowed any of these questions to move forward because they're not part of these estimates, sir.

Ms Sweet: Thank you, Mr. Chair. This isn't a point of order. I will say that, one, the member didn't even get his question fully completed and out before it was already interjected. The word "separatism" is not a point of order in general. Maybe if the member had waited for the statement to be completed, it would have just been general. To be clear, though, the member is speaking about contingency planning and contingency funds, and the conversation around the future of our province is part of a contingency conversation. This is not a point of order. I think the government needs to be a little bit less concerned about the sensitivity around one word and maybe allow the member to finish his statement.

Mr. Cyr: I'd like to do an addition.

The Chair: Do you have anything new?

Mr. Cyr: Yes.

The Chair: Sure, Member.

Mr. Cyr: In the past point of orders that we've done on this, they start off with separation and then they finalize it with a separation question. In the end, really, this is just a smokescreen, if you will. They're just trying to confuse the situation. Let's stick to the estimates here, sure.

Ms Sweet: You can't make assumptions.

Mr. Cyr: Exactly. That's exactly what he's doing.

The Chair: All right. I do thank you, both, for this.

I think at the end of the day, Member, I would just caution – you asked some very good questions. I think we had a very good meeting so far. But speculating on things that may or may not happen outside of estimates isn't something that this committee has purview over. I would appreciate, I think the committee would appreciate that expectation. If we can we can leave out that conversation. I don't know where you were going with the end of your question, but if it was pertaining to the budget, I'm happy to hear the question. This time I won't call it a point of order, but let's keep it on the rails, specifically on what the future is and not speculate upon what could or could not happen in the future.

Member Ellingson: Thank you, but I do believe that we're out of that time block.

The Chair: You are correct. I apologize, Member.

We are going back over to the government side. You have a 20-minute block for questions. I'm going to ask a question. I assume that we're going to go back and forth during this block as well, Member and Minister. Back and forth is fine with you, it sounds like. Excellent.

You can't cede this time. This is a caucus block, so you can cede the time after you're done your questions to somebody else. In the future it will be member only. I saw Member Armstrong-Homeniuk. Go ahead.

Ms Armstrong-Homeniuk: Thank you, Chair. Through you to the minister, first of all, Minister, thank you for all the hard work you do. I know it's not an easy job and it's a very challenging job,

especially in the times we're in now. I want to thank you and your staff for all the hard work you do.

Minister, I would like to ask about Treasury Board and Finance's role both in upholding the fiscal framework and in public-sector bargaining. Page 173 of the business plan states that the government will "[maintain] year-over-year operating expense growth at or [both] population growth plus inflation." Further, it states the provincial bargaining and compensation office, the PBCO, within Treasury Board and Finance "represents the Government of Alberta's interests as both an employer and a funder with respect to public sector labour relations and compensation." I understand that last year a number of public-sector negotiations were settled. Chair, through you to the minister: Minister, could you explain how public-sector settlements impacted Budget 2026? How does the government justify the compensation costs that resulted from the established bargaining framework? Why did the government choose a 3 per cent over four-year structure?

Mr. Horner: Well, I guess I would just start saying that, you know, that's where the data took the bargaining team. We were clear at the beginning of that process that Alberta couldn't afford to be an outlier. We didn't want to return to those years where we were well out of market that then was followed by years of zeros or very small increases. We, first, recognized that we were going to have to have substantial increases at this round of bargaining to keep up. Post-COVID we saw some big deals signed all around us. We look at that data.

10:20

Then we also look at specifically the jurisdictions where there's a lot of labour mobility for those specific roles, whether you're looking at, you know, nurses specifically or any of the occupations. We try to really look at Ontario-west, we call it. That's where we see a lot of that labour mobility and where you're actually fighting and trying to recruit those people. We know that we have recruitment and retention challenges in specific areas. Landing at the base rate settlement – you've seen similar ones happen all around us – but also having targeted adjustments for specific roles where we're maybe further behind, we felt, was necessary.

It impacts this budget in a big way; 54 per cent of our operational expense is in public-sector compensation. That includes physicians; \$7.7 billion in this budget for physicians. Every ministry and department has substantial increases in their targets and in the out-years that directly relate to the deals that we've seen. We stuck with the data, focused on what the data was telling us, and we think that we have a position now where we're in the high end of market but we're not out of market, which I think Albertans should appreciate. You know, a lot of these roles – as we grow, we still do need to create these spaces and attract people to choose Alberta to be home.

It's very impactful, but I think we did the right thing. I think we have 92 and a half per cent of the deals now complete, or I should say the value of the deals, the dollars in the deals complete. There are quite a few smaller tables that still need to be completed. Yeah. We stand by that it was the right thing to do for the province.

Ms Armstrong-Homeniuk: Thank you, Minister.

Chair, through you again to you, Minister, on page 175 of the 2026 business plan under outcome 1 key objective 1.1 states that the goal is "to lessen the province's reliance on resource revenues over the long term [and] pay down debt." Minister, through the chair, how are you going to reduce our reliance on resource revenues and diversify Alberta's economy to ensure we don't find ourselves in this situation again? Also, how does Budget 2026 help prepare Alberta for future economic uncertainty, particularly by

strengthening fiscal resilience, maintaining responsible spending, and ensuring the province can respond effectively to changing global economic conditions?

Mr. Horner: It's a good question. Just to give you some stats, outside of oil and gas extraction, investment is forecast to accelerate and grow 6 per cent, or about 2 and a half billion dollars, in 2026 and average around 7 per cent, or 3 and a half billion dollars, from 2027 to 2029. Other initiatives like the value-added tax credit in agriculture continue to bring in billions in investment.

Like, if you look at the pie chart of our economy, Alberta has never been more diversified. I think if Alberta leans into, you know, our broad-based advantages, certainly we have all the resources, but by focusing on broad-based advantages, especially around taxation, we're not picking winners and losers. We're taking all comers. Whether you're in fintech or aerospace or defence, we're open for business. We continue to cut needless, burdensome regulations at a rate that no other province does. That's our value proposition, that we're not picking winners and losers. We're leaning into our advantages as a province.

It's always difficult when you have something like the energy sector here in Alberta, where we have royalties, and you see the dramatic impact to our revenue line. That isn't the case with every other sector that's, you know, creating jobs and paying taxes. It was asked in a previous question. You know, those royalties are more impactful now than they were in years past.

I think we do have 82 per cent of the bitumen plays in postpayout, and that's why you do see a dramatic change in that sensitivity, which – I don't know if it makes us more reliant on it, but it makes it more volatile. You know, in Budget '25 we estimated, when we were closer to that \$70 range, that we had about \$750 million per change in WTI. In Budget '26, when we're forecast at \$60, it's about \$650 million. That's because the royalty structure is on a curve, and you get less per barrel at a lower price.

That's a great advantage. It does create challenges for budgeting and forecasting, but to the heart of your question, the way we continue to diversify is by being open for business, having those broad-based advantages, and not chasing, I'd say, niche or boutique investment incentives, sticking to our guns, and saying that we are going to be a low-tax jurisdiction.

It's beautiful. We have mountains and trees and prairies and every landscape you can imagine, lower housing costs, and leaning into everything that's an advantage in Alberta.

Ms Armstrong-Homeniuk: Thank you. Thank you, Minister.

Chair, I'd like to cede the rest of my time to my colleague MLA Cyr.

Mr. Cyr: Well, thank you, Minister. You've been very forthright with us today, and I appreciate that. Your team has done a fantastic job, especially with these challenging conditions that we're under. Minister, I know that we've had this discussion before. You know that I was on the Alberta heritage trust fund committee way back in my first term from 2015 to 2019. It was always a concern that I had, that I was seeing that those funds were being withdrawn and we're not actually seeing any real growth or planned growth during that time. It's good to see that you and our government are moving forward with trying to leave a nest egg for our future generations.

Now, one of the things that I would say is important in all of this is – I kind of like to have a bit of an understanding of what you see as history, going back, and kind of where you see the fund going in the future. I recognize that our colleagues kind of touched on this, and I've got other questions on the Alberta heritage trust fund, but

if you can kind of give me an idea of what your vision is. What is it that you see is the path for our youth?

Mr. Horner: Yeah, well, great question. I do think that this is important for all Albertans. I think it's a great thing, started in '76 by Premier Lougheed. You know it's been called many things. It's been called a rainy day fund. It's been called the fund that'll be there when the oil runs out. I know you've all heard all of these things. I think Albertans broadly always really appreciated it, but I don't know if it really was tied to a clear goal for the future, and that's why I think it's good to set timelines, have an understanding of what that will mean in 2050, the ability to take \$10 billion in revenue off at that time. Although \$10 billion won't mean as much as \$10 billion today, we all understand that.

I think in years past it wasn't an afterthought, but I think it did become easy for governments to take the retained earnings. I think that was important, to change the default position where you have to make a political decision if you want to make a withdrawal now; otherwise, the retained earnings just stay in it. In the past they basically came out automatically and went to general revenue. I think it was inflation protected at 4 per cent or something. And then every, you know, once a decade a government would find themselves in a surplus position and maybe make a deposit. That's why you saw such meagre growth from 1976 to 2019, basically.

You know, we've talked about the governance and the creation of the Heritage Fund Opportunities Corp.

10:30

I think it's good to have, you know, more oversight. It's good to get that. Although the people that have managed it historically in my department, I think, have done a great job, it's good to get that global expertise, you know, best-in-class governance and have a plan for the future. You see this happening elsewhere around the world. You see this being attempted in Canada. Quebec has a \$2 billion line item in their budget every year. They're borrowing money to build a fund to do what we're doing.

I think it's important for us to understand that we have such a great head start that we don't have to do that. We can use our great head start and ensure the retained earnings stay in the fund, focus on that net debt position, and have something that'll be a tangible revenue tool in the future for Albertans. You know, this is because of our great resource wealth. It's done great by Alberta in the past and provides us the ability to have great tax advantages in the here and now, keeping life more affordable for Albertans in real time but also providing that comfort in the future that we're doing the right thing with this.

I know there are always comparisons to, you know, Norway. I don't know if Albertans know that Norway came to Alberta to talk to the government at the time after they'd started the fund because they thought it was such a great idea, but it went two very different paths. You know, Norway put their royalty revenues in the fund and kept a high tax rate. I don't know what the combined tax rate is in Norway, but it's high – high VAT, high consumption tax – and the fund has continued to grow, and now they manage trillions of dollars. So we've gone down two different paths. But, yeah, the best time to plant a tree: either 20 years ago or right now.

I think it's never too late to do the right thing. This will provide a real revenue opportunity for Albertans of the future and help them deal, no doubt, with some of their tough decisions then.

Mr. Cyr: All right. Well, thank you for that. You know, it's good to hear that you're actually putting a plan in for future generations. I know that for my area we're very reliant on oil and gas up in Bonnyville-Cold Lake-St. Paul. I'm always worried that someday

once that oil and gas is gone, then what's my area going to do? Agriculture, while it's fantastic, is probably not going to pay the bills. I see that you're looking forward not just on a Bonnyville-Cold Lake-St. Paul view, but you're looking at it as a province and trying to get in front of that. Thank you for that, sir.

One of the things that has come up is auto insurance. I recognize that there have been some challenging decisions having to be made. There is \$9.5 million that's been allocated for '26-27 for the continued development and implementation of the care-first auto insurance system. Can you please outline, Minister, how this new auto insurance system will benefit Albertans? And what changes will drive the notice first once the new system comes into effect?

Mr. Horner: Can you just repeat the end of your question? Sorry, Member Cyr.

Mr. Cyr: What changes will drivers notice first once this new system comes into effect? It's awkward.

Mr. Horner: Yeah. No, thank you for the question. You referenced a couple of line items there. Was it the 9 and a half million dollar allocation in '26-27?

Mr. Cyr: That's right.

Mr. Horner: A lot of this is for implementation of the system, and that's everything right down to education, education of Albertans and back and forth with the medical communities that are pertinent and the insurance companies. This charge will be cost recovered through the system as well. I should note that.

What Albertans can expect to see: January 1, 2027, is our start-up date, so it's coming toward us soon. Right now Albertans are seeing the second-highest premiums in Canada behind Ontario, still by a substantial margin. I'm not getting partisan. I know they like to say that it's the highest in the country, but it's not. It's the second-highest. It's almost a \$300 delta, from the newest statistics that we have. A lot of that is being mitigated right now through, you know, the good-driver rate cap and other things that we've put into the system to ensure there's affordability in the short term. It's distorting the market. Can't last forever. So we need to get to this system change.

What Albertans can expect to see is stability in their costs. Still expecting savings at this time, from the most recent numbers that we have. More importantly, they're going to see more stability. They're going to see better care. They're not going to have to use the courts if they need more than \$32,000 in a monetary settlement. They'll be able to get those dollars much quicker and receive a higher level of care much quicker. So better care, better access to the system. Get Albertans to recover to the highest level possible more quickly, back into their lives, back working, and contributing to the economy. I think they'll see more stability and better care, two most important points.

Mr. Cyr: Through you, Chair: now, do you see that the former model that they're leaving behind was sustainable, sir?

Mr. Horner: Well, I'd say that it would be sustainable if you were comfortable with, you know, approaching the highest rates in the country. It was our understanding that that wasn't the expectation of Albertans. They wanted insurance to be more affordable. Insurance is a challenging file in the sense that you collect your premiums, you pool them, you pay out your claims. There are things in Alberta that make the auto insurance file maybe a little more challenging than other jurisdictions. We drive more valuable vehicles on average because of higher wages, seeing the inflationary

costs in vehicles especially over the last few years. Being on the east side of the Rockies, we do have more hail than a lot of other provinces.

The Chair: Thank you, members. Thank you, Minister, for your questions and responses.

We will now be going to 10-minute blocks, so maximum five minutes of speaking time at any period of time. After this next period we will take a five-minute break, just setting expectations for everyone.

Minister and Member, do you still want to do back and forth, or do you want block time?

Mr. Horner: I'm fine with back and forth.

The Chair: Perfect. Well, that's what we'll do.

Member, you can go ahead.

Member Ellingson: Thank you, Chair. To pick up where we left off, I will refer to page 11 of the fiscal plan where it says, "The contingency amount is intended to address unanticipated spending, including disasters and emergencies, and emerging priorities that may arise during the year and that are not practical to delay until the next budget." I'll also refer to page 248 in the government estimates. The department has a fiscal planning and economic analysis that "monitors and provides economic analysis of major issues influencing Alberta's economy and economic development." I will ask, given that contingency is about assessing those risks, through the chair to the minister: has the department conducted an assessment of the potential impact of a referendum and the potential impact on Albertans and Alberta's economy as a result of Alberta leaving Canada?

Mr. Horner: No, the department has not. I don't know if you want to comment, Darren? No.

To the contingency size, more generally, we're swinging back to the fiscal rules. Yes, at the inception of the fiscal rules we had it at 1 and a half billion dollars. So imagine starting from scratch and trying to rightsize these things. We did increase it to \$2 billion and then increased it to \$4 billion. We want to come back to \$2 billion because a lot of those internal pressures especially around bargaining are now, you know, far clearer, and they're in the out years. There's always going to be economic uncertainty that's terribly difficult to forecast and model. Look what's happening in Iran right now. We still want that rule to bind us in, and there are reasonable exceptions when it comes to disaster and fire.

10:40

Member Ellingson: Through the chair to the minister, with respect to the economic analysis that the department does, given that the Premier has said that that question could be to referendum in October in this fiscal year under discussion, given the survey results from the Calgary Chamber and the Alberta chambers about the percentage of businesses, 56 and 51 per cent, across the province citing uncertainty and that this is a risk to them and given that we have prior experience of other provinces going through this – just putting a question to referendum caused financial and economic harm – can the minister explain why the team is not assessing this risk?

Mr. Cyr: Point of order.

The Chair: Sure, Member.

Mr. Cyr: The minister has answered this question with a clear no; 23(b) and (c); he's repeating the question and continues to repeat

the question. I would suggest that we need to move on because what happens here is that we're dealing with the business plan, the budget, and the strategic plan. The minister has answered his question with a clear answer. There was no movement or ability to be able to come to some other conclusion, so let's move on, Mr. Chair. You've ruled consistently on this matter. I would say again that citing the business plan in various different areas doesn't reinforce the fact that it's not there.

Thank you.

The Chair: Member.

Ms Sweet: Thank you, Mr. Chair. I appreciate what the member opposite is trying to do, and I will also appreciate that there may have been other rulings in other ministries where this conversation came up. However, what I will also cite is page 248, 3, fiscal planning and economic analysis, "monitors and provides economic analysis of major issues influencing Alberta's economy and economic development." The member has just clearly asked: if the analysis has not been done, can the minister please explain, given that other jurisdictions have gone through this, why that analysis is not done? To be clear, the word "separation" has not been used. I'm using it now, but the member never used it. All we're talking about is economic forecasting.

The Chair: Thank you very much.

This becomes a tricky conversation here. While I agree with the member that you didn't use the words "separatist" or "separatism" or anything like that, there was a leaning towards that conversation. I think that that's a conversation that is a political question right now and best to avoid. We aren't here for that.

Now, saying that, the member is, I appreciate, tying it to the budget. I would love for us to move on. Now, I will give space for the minister if he would like to choose to answer this question, but I think there are lots of great questions that the member has asked and will continue to ask over the next multiple hours. I will leave it to the minister to answer the question if he chooses to answer.

Oh, I guess I have to actually create a ruling. I'm not going to call this a point of order, but it is getting to the point of causing some disruption by coming back to the same, in essence, point of order ruling all the time. I would hope the member would continue to ask very good questions, which he has done prior, so thank you for that, and help keep the train and not be disruptive in the meeting. It's not a point of order, but we are getting a little cyclical in that.

I'll leave it to the minister to decide, but I would encourage the member to move on.

Mr. Horner: Yeah. I'm happy to provide an answer, Chair. I would just say that when it comes to the fiscal planning and economic analysis branch, they monitor and provide economic analysis of major issues influencing Alberta's economy and economic development, provide tax policy advice and recommendations to promote a system that is fair, efficient, and effective. You know, the issue that's being referenced: this is a citizen-led initiative gathering signatures. That's what it is at this point. Like I said, we don't forecast rhetoric from the President of the United States. We forecast what's real. Even in our production forecast, although we have a signed MOU with the federal government, for example, that we're extremely bullish about and intend to ensure it gets built, until they're putting pipe in the ground, so to speak, and its permits approved and very real, that doesn't enter our forecasting scenarios. I would probably just leave it there, Chair.

The Chair: I appreciate that.
The member.

Mr. Ellingson: Thank you. I will move on. Page 28 of the fiscal plan contains a section entitled Oversupply to Weigh on Global Oil Prices. This section talks about strong supply growth that's expected to drive inventory builds, weighing on prices. This outlook extends only into 2027. It does say that "demand is forecast to firm up in 2027." It goes on to say that "ample spare capacity and continued supply growth, particularly from non-OPEC producers, are expected to limit the recovery in prices."

Then in the document it also sounds a little bit more positive, that for our primary industry "oil production and exports boost Alberta's growth." This opens with "strong demand for Alberta's heavy crude, improving oil prices and expanded pipeline capacity will underpin robust growth in oil production over the forecast" period. I will reference, Chair, that this section notes oil production increasing by 118,000 barrels a day in 2026. This is indeed good news. The section also notes that 700,000 barrels a day of egress will be added over the next four years. This is also good news. This, of course, is resulting in a lower deficit for the province. It does appear, in reading this in context, that the efficiencies in addition to both production and egress – while egress will slightly outpace the addition in production, in both cases additional capacity is incremental improvements and efficiency. So we're not considering large production increases through infrastructure builds.

This brings me to the plan to double production out of Alberta. I am very much in favour of our oil and gas industry. The member earlier talked about paying the bills with oil versus paying the bills with agriculture. Let's be clear. There's no other industry that we have ever experienced that brings in money like oil and gas does. I'm not going to deny that, but I am, however, curious. Given our previous experience of the infrastructure build-out in the oil sands to bring us to the production today, we're talking about 10 years of planning and building, bringing that oil to production. It was another 10 years of selling that product to pay off those capital costs. We're talking about a 20-year planning horizon for a company to decide today to go down that path. So I'll ask the minister: in the conversations that we've had with industry, what is the price of oil that they need to be confident in over a 20-year horizon to make that kind of investment decision?

Mr. Horner: Okay. A lot there. You kind of went around, but you brought her back. I'd say that Alberta, specifically in the oil sands – I'm not the energy minister, but I think in our conversations, you know, we think that they've done a good job getting their costs down. They've been through a lot over the last few years, seeing oil go to zero and all of the black swan events. So we think their break-even is somewhere in the \$35 to \$40 range. They might have a different number, but that would be the number that comes to mind for us.

10:50

I think when it comes to capital being deployed in that space, of course, they would like as much certainty as they could get, but the capital investment on production is always going to follow the room made by egress. It won't go the other way. The egress potential that you noted: I think it's 700,000 barrels by 2030, you know, largely from more optimization and efficiency through TMX expansion but also the changes Enbridge has planned. Those are good things. We're seeing things also pop up.

Member Ellingson: Sorry, Minister. I just have one thing to sneak in before this 10 minutes is up, if I may, Chair. Thank you for that response.

Chair to the minister. I just want to quickly slide in the \$900 million loan to APMC and the BRK program. Can the minister talk

about that \$900 million, what it's intended for? With the BRIK program, do we not consider the BRIK program to be adding additional risk to Albertans in doing a job that oil companies do? Is there any potential upswing to the province or only potential downswing in the BRIK program?

Mr. Horner: Well, when it comes to BRIK specifically, I might leave some of that to the energy minister, but when it comes to the increase in APMC's, you know, borrowing limit, we're trying to look at what the actual costs are on Sturgeon, map that out over a period of years, and have that room built in. The Sturgeon play: I don't know if Darren has that number, but I think they're a \$300 million loss this year.

The Chair: All right. Well, that wraps up this question block.

I did promise a quick break for five minutes. We'll try to stay on point for five minutes. Looking forward to that. See you all in five.

[The committee adjourned from 10:52 a.m. to 10:57 a.m.]

The Chair: Excellent. Well, welcome back, everyone. We look forward to starting off the second half of this meeting for the next hour.

Minister and Member Yao, are we doing back and forth or block time?

Mr. Yao: Back and forth is fine.

The Chair: Back and forth works. Perfect. From now on I'm just going to consider it's back and forth for the rest of the meeting, at least of this morning meeting.

Member Yao, you have 10 minutes.

Mr. Yao: Thank you so much. Minister, I appreciate all your great hard work.

Mr. Horner: If I could – not to interrupt. Just I didn't get to really finish that question.

Mr. Yao: Perfect. I was going to ask you that.

Mr. Horner: Okay. The question that was brought up regarding BRIK: I would let energy, you know, answer that in detail. But the way the question was asked was: is there an upside here; is there only a downside? I guess, from our perspective, make sure that there are, you know, guardrails in place. It would move slowly and then prove itself through those stages if it would continue and become part of a larger program. I'll let energy answer that in greater detail, but from our perspective it has to have guardrails and proof of concept as it moves along. But, no, we wouldn't do this if there was only downside.

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

Again, I just want to say that the function that you do is enormous, and I appreciate all the hard work you do. You have to make all the hard decisions for our entire government. I just want to really especially congratulate you on the fact that you've been able to pay down our debt as well as invest in our heritage savings trust fund. Those are two things that are very, very important to me. In fact, as a self-professed fiscal conservative it's fantastic, and I thank you for maintaining that and continuing that.

My question is a little bit along those lines. On page 175 of the business plan, under the initiatives supporting key objectives section, you have \$10 million that's allocated to the treasury and risk management to continue to develop the Heritage Fund

Opportunities Corporation, with the goal of supporting government's goal to grow the heritage fund assets to \$250 billion or more by 2050. I'm wondering if you can explain to people, because people do ask me this one, "How is this different than AIMCo?" as an example, when I'm referring to the Heritage Fund Opportunities Corporation. How are they different, and how will they work with each other? Can you explain a little bit? People don't understand that we have two branches there now.

Mr. Horner: For sure. No. It's a good question. When you're picturing AIMCo as an entity, they're an asset manager that has many clients. Picture AIMCo like this, and then you have a lot of different – you know, whether it's the heritage fund and HFOC or PSPP or ATRF, all of the different pension organizations are giving their investment priorities and risk profile, that statement of investment policies and goals regarding their investments, to AIMCo as an asset manager. HFOC will act much more like the asset owner of the fund. They're going to create that statement of investment policies and goals. They're going to understand what not only risk is reasonable for that but also what their timeline is much differently than, say, the executive or the board of one of the pension plans that's looking at the liquidity they need, looking at the age of their clients, trying to match that appropriately. AIMCo does manage in a lot of pooled assets as well. There are economies of scale there that they try to achieve for all of their clients. HFOC will give that SIP and G, or statement of investment policies and goals, to AIMCo for the assets under management, but it'll also hold the ability to do some investments as HFOC stand-alone.

We're figuring through the details of that. We don't want to build, you know, duplication and redundancy where we don't have to, but there are certain things I don't think we would expect AIMCo to do on their behalf. They have a lot of clients to serve, so some things the HFOC may have to do on their own. We just have to ensure that costs are managed and that they remember who they're building it for, the people of Alberta.

Mr. Yao: Thank you so much for that. No. We have a lot of trust in those folks, and I hope they do a fantastic job because, yeah, our province depends on that.

I'd like to pivot a little bit to talk more about the number of public servants within the bureaucracy, if you will. On page 178 of the business plan, under performance indicator 3(a), it talks that in 2024 there were 5.7 – very specific – public servants for every 1,000 Albertans, and that number is lower relative to the combined three provincial averages of Ontario, B.C. and Quebec. That's a good thing for me, but we still need to make sure that they deliver the services that we require as Albertans. To the minister through the chair: what's your plan for ensuring that we have an efficient and capable public service while still ensuring that the size is reasonable and, for that matter, you maintain the same averages and keep it below comparable provinces in regard to the size of our bureaucracy.

If I could just add a second part to that question, if we take a look at British Columbia's Budget 2026, their provincial government plans to reduce public sector staffing by about 15,000 full-time positions over the next three years due to their deficit. That NDP government, through the abysmal years that they've had for the last decade-plus of driving their economy into the ground, they've hit this financial wall. They have to enter some level of austerity. That includes reductions across their broader public service. Do you anticipate we'll have to follow that same trajectory, especially with our deficits that we have been running? Would we have to cut some public-sector jobs?

Mr. Horner: Well, you start with this. I'm very proud of the public sector. You know, these services wouldn't exist without the people that work there to provide them. You talked about some of the numbers. I do think you're always trying to search for guardrails and metrics to understand if the public sector is rightsized at any point in time.

11:05

I think this is a 2024 number, but 5.7, as you mentioned, public servants per 1,000 residents: just slightly above Ontario. I don't know if they're 5.4 or 5.6. They were 5.4. Yeah. We're slightly above them. I've said in the past and I believe this: I don't think that that's a number you want to chase per se. Like, I think, Ontario obviously has a much bigger population. There are economies of scale there that I don't think Alberta should pursue. It's a good mark, I guess, to be close to them but not below them.

When you speak about what's happening with B.C. and what's potentially happening with the federal government, you know, I think it's important to understand that maybe we're not all as fat as the one you're comparing us to. I think we should understand a lot was done in 2019 in our first year and first term under Premier Kenney when it came to rightsizing the public service, and we're still in many ways, you know, in the catch-up phase of this population growth.

I think it's important to understand that, you know, a lot can be done with efficiency, technology, playing at the margins to try to get more productivity out of every person, but if you truly want to make changes like are being discussed in B.C. and Canada, I think you'll see them attack the function. If there's something that the people of Alberta think that we shouldn't be doing and that the public sector shouldn't be doing on their behalf, if you highlight those things, then those changes make sense. It'll be interesting to see it play out in B.C. and for the federal government, what functions they're going after. Otherwise, it will be, you know, through attrition and efficiencies. They'll try to do the same thing with less people, and we'll see how effective it is.

Mr. Yao: Absolutely. Thank you so much for that, Minister. I appreciate those last comments especially. I often wonder about having governments that get back to the basics. I look at our federal government, who've crossed over into provincial jurisdiction with things like daycare and other aspects, and it's been frustrating for our government and others to try to adapt to those rules and stuff like that. I certainly hope everyone gets back to their core functions. Thank you again very much for that.

The Chair: Excellent.

It looks like Member Sweet is up. Please go ahead.

Ms Sweet: Thank you, Mr. Chair.

Minister, you're okay to go back and forth? Thank you. Mr. Chair, I'm going to go down memory lane a little bit with the minister and talk about agriculture and would like to focus on outcome 2 on page 177 of the Treasury Board and Finance, 2.3.

The Financial Services Concierge, together with Invest Alberta, will work with financial service companies and innovators to guide them through Alberta's legislative/regulatory framework, enabling them to participate in Alberta's financial services sector more easily. This will help to diversify the economy and support job creation.

Minister, the RBC seeding scale report shows that Canada's agrifood sector, despite being globally competitive, is slightly undercapitalized, receiving less than 2 per cent of government-backed growth funds and only 4 per cent of total growth capital, leaving a \$13 billion investment gap to 2030. This creates a severe

growth stage capital cliff, where deal activity drops by 450 per cent, slowing commercialization and pushing companies to seek foreign investors. As a result, Canada risks losing value-added processing opportunities, including in Alberta where firms struggle to secure domestic financing. The report warned that without targeted investment tools and better aligned government programs Canada will miss major value-added economic potential. My first question to you, Minister, is: can the minister outline how Alberta's fiscal plan positions the province to capture its share of the \$13 billion opportunity, particularly in value-added processing and agrifood manufacturing?

Mr. Horner: Okay. You had estimates with agriculture, though, right?

Ms Sweet: Yeah, last night. Your turn.

Mr. Horner: All right. I guess I would start at the beginning. You know, we do have to lean on the fact that our advantages are broad. Whether you're talking about agriculture, whether you're talking about tourism or aerospace or defence, we do need to lean on the fact that our tax structure provides broad advantages. We brought in the value-added credit a few years ago in the ag space because we felt that we were missing some investment, in a large way due to the investment credits that existed in Saskatchewan, but we didn't want to give the farm away either, no pun intended. We did want to make sure that we understood our advantages completely, looked at, you know, I think the top 13 jurisdictions, northern states, other provinces, and try to ensure that we are competitive but not in a race to the bottom in any way. I like that credit, too, because it's nonrefundable, so you're basically giving future tax forgiveness, ensuring that a company actually not only sets up shop but becomes profitable.

I guess, to your question about what more can be done: I think we're outpacing all other provinces, if I understand it, with the credit as it exists, and doing better than everyone. I don't have those fine folks at my disposal now, but I think, definitely outpaced the investment curve that we were looking for in agriculture at the time. If you're looking for more to be done, I guess I'd be interested in your thoughts on that. I would tell you that my initial thoughts are that I think Alberta needs to probably get away from boutique investment credits and lean on their broad-based advantages.

Ms Sweet: Yeah, Minister. I appreciate that. I will say that, I mean, we can compare Alberta and Saskatchewan. Yes, we have the tax credit. Yes, we have the corporate tax less than Saskatchewan, but they have stacking, and they have a stacking with a variety of different programs that they offer, so the competitiveness advantage isn't really there.

What I do want to highlight is the fact that the report also noted that agrifood represents less than 2 per cent of government-backed growth funds, and only 4 per cent of total growth capital in Canada. I'm going to bring that, and I will ask you the question attached to that part in a second, but I also wanted to talk about the growth-stage investment deal counts fall by 450 per cent between early-stage and growth-stage companies – that's nationally – and it's a major barrier to scaling value-added agrifood companies.

There also tends to be issues around companies going to look for foreign investment opportunities. I think one of the examples I can give you is that Phytokana, which is an Alberta-based company, is attempting to build a pulse processing facility in Strathmore but is struggling to secure domestic capital and, therefore, is now going and looking at foreign capital.

I'm going to give you three questions because then you can just take the rest of the time. What direction has Treasury Board and

Finance provided to provincial investment entities such as AIMCo and Alberta Enterprise Corporation to ensure that Alberta keeps close these chronic capital shortfalls in agrifood? What specific tools or interventions is the ministry considering to ensure that value-added processing projects stay in Alberta rather than shifting investment in future jobs to foreign jurisdictions, and is the minister considering the creation of a growth-stage capital tool such as first-loss guarantees, patent capital, subordinate debt, or revenue-linked instruments to address this gap and support Alberta companies attempting to commercialize value-added innovations in the province?

Mr. Horner: Well, I guess I would start at the beginning. You know, it's only taken a couple of hours, and we're done talking about debt and we're bringing 'er back to: what more can we do?

When it comes to these entities you mentioned, I think it's important to note that there's no interference in investment decisions with those entities. They have decisions that they have to make. They're looking for risk-adjusted returns at a high level. I think we're fortunate that leadership in those entities understands who they work for in the sense that they're out to make things. Whether it's AIMCo for their pension clients, whether it's our newly formed heritage fund board, whether it's ATB, you know, they know that they're Albertan, they know they have a job to do, but they have to calculate that risk and deploy that capital. I'm not going to direct them in that in any way. If there's a gap in this space, I would think that it's one that will be filled.

11:15

There are gaps in a lot of places and competition in the space, too. Everyone is talking, you know, tech investment. That's the sexy thing right now, AI data centres, what you're seeing happen in the U.S. There's that, I guess, competition for capital across the sectors. Ag and value-added also have to show that they're worthy of that capital and will create the safe returns that they're looking for, whether we're talking about loans or investment.

Ms Sweet: I appreciate that there has to be that risk analysis, especially when you're using the public dollar. I think the struggle with agrifood is that, obviously, it's a large capital intensive infrastructure that is required, upfront cost. Being able to project that long-term return is where a lot of the barriers are facing because they're a long-term projection. Agrifood takes a long time to show the return.

The other issue that has come up is that the way the securities are written in Alberta – in partnership with the feds. I recognize they've adopted lots of our things. The way the securities currently exist in Alberta puts barriers in place for private equity to be able to gain some of that capital. I have spoken to previous ministers of Finance about: is there an opportunity to look at the Securities Act to try to find ways where we can support that capital investment in some of those barriers? I'd be happy to have a chat with you offline about that. I think there are other tools that you have at your disposal that may not necessarily be about using government dollar but could help build capital opportunity by just doing some regulatory changes.

Mr. Horner: Well, I'm happy to have that conversation with you offline, you know, if the gaps exist and it's something that can be changed legislatively or in a regulatory way or we can talk to the entities involved. I don't have much more I can give you today.

Ms Sweet: That's fair.

Then just one more thing. I would like to see maybe a little bit more collaboration with AFSC and just that opportunity of using

the services that they're providing around attracting and supporting some of that value investment. You have a ton of tools under your ministry, but then AFSC kind of sits in its own little pocket. If there's a cross-collaboration of being able to engage with some of these investors – the amount of capital investment in downtown Calgary right now that is really interested in engaging in agrifood is a conversation I'm constantly having. I think they're looking. They're just not sure who to go to and how to make that work. It might just be an education thing around who they should be reaching out to.

Mr. Horner: Okay. Well, I'll take that back. I would say that that was the previous posting, previous file.

The Chair: Excellent. Well, thank you, Minister.

We're now going over to Member Petrovic. Thank you very much for your time. Looking forward to the conversation.

Mr. Horner: Not to take your time, Member, but just to finish that question quickly.

The Chair: Just take a little bit of time, Minister.

Mr. Horner: Chair, if you'll allow me. I would just say that that's always been a criticism and a challenge that, you know, the concierge natures may be necessary because a lot of these investment attraction entities are siloed and split up, whether it's within agriculture, Invest Alberta. The investment and growth fund lives with JETI. That's something we're cognizant of and working to make smoother.

Sorry, Member.

Mrs. Petrovic: No. Happy to do so.

I'm assuming we're okay to share some time here, Minister?

Mr. Horner: Yes.

Mrs. Petrovic: Perfect. Thanks.

First, I just want to take a moment to, obviously through the chair, thank you and your department for the work that's gone into this budget and the business plan. I know that the documents don't come together overnight. I know that they take a tremendous amount of effort, thoughtful decision-making, hard conversations, but it shows real commitment for you guys trying to get it right for Albertans. Thank you to you and your team for that, first and foremost.

I just wanted to kind of take a moment to ground our conversation and what we're talking about when we reference Alberta's tax advantage. I know you've touched on it a little bit, but I'm hoping we can get you to touch on it a little bit more without some interruptions. As I was reviewing some of the budget, my kids said: wow, these are big numbers. I realized that these aren't just big numbers on a page regardless of what my 11-year-old said. I tried to teach her that they represent something really different for the people that we serve. They reflect the ability for families to keep more of what they earn, small businesses to reinvest into their communities, and our province to remain a place where people see opportunity to choose and build their future.

I know this first-hand. My family moved here from the centre of the universe. We're from Toronto. You can boo now if you like. They were seeking the Alberta advantage, and thank goodness they did so. For so many Albertans, like my parents, this advantage is felt in every decision that they make, and that's something that Albertans work hard to build and maintain over many years, this Alberta advantage. It speaks to the broader commitment to

affordability, competitiveness, and to ensure that our province continues to stand out as a place where hard work is rewarded.

We know that there are some operating challenges right now. There are increased pressures on our government, growing demands for service, and the responsibility to manage finances carefully and sustainably. I want to jump into my question, through you, Chair. Page 176 of the business plan under performance indicator 1(d) states that Alberta's tax advantage relative to other provinces stood at \$20.1 billion in the 2025-2026 reporting period. Now that tax advantage has been downgraded to \$16.9 billion, as we see under fiscal plan page 121. Through you, Chair, to the minister: can you explain how our tax advantage went from more than \$20 billion in '25-26 to \$16.9 billion in '26-27?

Mr. Horner: Yeah. Thank you for the question, Chair. It has more to do with what the other provinces did as opposed to what Alberta did. The \$16.9 billion coming down from \$20.1 billion: it largely reflects B.C.'s removal of their retail carbon tax, finally. What it doesn't reflect is their increase in taxes that they just announced in this budget, so personal income tax – an increase in their sales taxes as well? Just personal income tax. Yeah, so that number will change again. So \$20.1 billion down to \$16.9 billion: it will come back up. We do have that broad advantage. I want to be clear. That doesn't mean that we're not looking at revenue opportunities. We have to lean on that broad tax advantage, but as you saw in this budget, changes to the tourism levy, rental vehicle tax, we're looking at ways that we can, you know, chip away at this.

We're always looking at the expense side, but we've told all ministries to think revenue opportunities as well. Both of those increases have the advantage. In light of not having a sales tax, is there a way that the government can bring in some revenue from that visitor economy space and continue to make investments in tourism and that kind of communal infrastructure that we need to serve those people and ensure it can grow? I think the rationale there is sound and just want to keep that in context, you know. We're talking about something that's not a drop in the bucket but very small compared to the overall tax advantage that exists and that we want to maintain.

Mrs. Petrovic: Okay. Thank you for that.

You've touched on this just a little bit, but since Alberta maintains the strongest or I believe to be the strongest tax advantage in Canada, to the minister through the chair: what steps will be taken to protect and possibly grow Alberta's tax advantage? I know you talked about the tourism levy and one other. Do you mind expanding just a little bit more on that for me?

Mr. Horner: Sure. Like I said, I think we will continue to look at the expense side, obviously, but also for revenue opportunities. We're a growing province with bills to pay, a volatile revenue structure, so it's something that we always have to look at. Affordability is still a major concern, so that's not lost on us. Growing that tax advantage, I would say, may be difficult from my chair, although it could if the other provinces increase theirs to respond to their challenges. I think we're in a position right now where we largely need to maintain and weather and build the schools, build the infrastructure, hire the people, and try to catch up to this population growth and, back to a previous question, you know, lean on our broad advantages to continue to attract investment and create jobs.

11:25

Mrs. Petrovic: Thanks.

I know we're seeing a lot happening in our neighbours to the west. There's a lot going on in B.C. We're seeing that their

provincial government increased personal income taxes, property taxes, and I don't know if someone said the provincial sales tax in response to their deficit. Maybe someone can correct me if I'm wrong on that as well. Does Alberta have any plans to increase personal income taxes or introduce a provincial sales tax in response to our deficit, or are we going to go a different direction than our neighbours to the west?

Mr. Horner: Well, I just cut personal income taxes and, like I said earlier, stand by that decision. You know, how do we address the affordability challenge in a way that impacts most Albertans in a sustained way?

I think, coming back to the strength of our balance sheet, it wasn't long ago that B.C. had the strongest balance sheet in the country. Admittedly, that's hard to say as an Albertan that follows these things a little bit, but that wasn't that long ago. So these things, these trajectories can get away on you in a hurry. That's why I think it's important that the province always has something to keep an eye on and make sure governments of the day aren't letting it get away on them. I think that that metric and that thing to look at right now is our net position. It would be unfair and disingenuous to look at anything else, frankly, if you are going to leave the retained earnings in the heritage fund and have that commitment to grow it. I think it's important that the people of Alberta focus on that, you know, to assure that we're going the right way.

You know, I've said it in the past. It sometimes makes me feel a little sad to talk about how great Alberta is doing because I know it doesn't feel like that for everybody. It's always in comparison to the rest of the country. The rest of the country has some major challenges. Alberta is doing quite well, especially by comparison, and we need to continue to do that. We need to be a low tax environment. We need to in our roles focus on the services that the province needs. The challenges across this country are immense, and I do believe that's because for decades we didn't focus on our strengths. Any company, every sole proprietor, private business out there that isn't leaning into their strengths won't reach their full potential.

Our strengths are many things, but they are largely resources, you know, 40 million people, huge land mass, cold climate, only 7 per cent arable land. We have to lean into that. I think the fact that there's a global crisis means that now is the time.

The Chair: Excellent. Thank you so very much for that, Minister. I believe Member Hoyle is up next for the next 10 minutes.

Member Hoyle: Minister, are you happy to share time? Yeah.

Thank you. As the shadow minister of jobs, economy, and trade I'd like to discuss the impact of the ongoing U.S. tariffs on Alberta's economy. We all know that Albertans are concerned about the risks these actions pose to our economy, especially with an unpredictable President and having the U.S. as our closest ally and largest trading partner. On page 24 of the fiscal plan it states that "2026 is proving to be another volatile year for the global economy" and that "while trade tensions have eased from last year's heightened levels when the U.S. introduced broad tariffs, U.S. trade policy remains a persistent source of uncertainty." Alberta trades with the U.S. The total is \$188 billion each year and will affect businesses in both Canada and the U.S. We know that Alberta needs to secure trade agreements and advance policies that open doors to international markets, helping local businesses grow beyond our borders. Through the chair: can the minister share, you know, what is the government's specific plan in this current budget to ease pressures that U.S. tariffs will inevitably place on small and medium-sized

business owners in the province? What is the plan to support local businesses and entrepreneurs and procurement plans?

Mr. Horner: Yeah. Thanks for the question. You know, we do have many, many programs when it comes to attracting labour and skilled trades programming in JETI specifically. I'm going to come back to this again: we do have to lean on our broad-based advantages. We can't create new things in response to every challenge. We are a low-tax jurisdiction, continue to cut regulations, speed up permitting and approvals, working with our municipal partners to really let everyone know that we're open for business. We have been fortunate because our bucket of exports has largely been tariff exempt.

Like I said, we don't forecast changes. We don't model off rhetoric. A lot of that is plausible that it will stay the same because it makes sense from the American perspective as well. You know, they're in a position right now where they're cutting their strategic reserve through that release by almost half. I think it's 179 million barrels. They have about 415 million in. We don't see those things changing. Our economic growth: we're predicting about 1.8 per cent GDP growth, so in no way an economic boom but, like I mentioned, still stronger than everywhere else.

I think in a lot of ways the best way that we can support the businesses, the corporations, the job creators in Alberta is by focusing on our core priorities of government, which is ensuring that they have the schools, the hospitals, the services they need for their workforce, working with our postsecondaries to make sure that they're creating the relevant spaces for Alberta's labour force for the future. That will be a challenge that we will likely always be chasing, but if you look at the investment in NAIT and the skilled trades programming there, 5,500, 5,600 seats – and just go back to what the landscape is for corporations in Alberta. I've talked about the broad tax benefits and advantages. We're the least impacted province when it comes to the tariffs. No payroll tax, no health care premiums, no sales tax. Not a lot of other levers.

Member Hoyle: Thank you, Minister. When we look at page 8 of the strategic plan, it stipulates maintaining Alberta's tax advantage compared to other provinces for both individuals and businesses. Chambers of commerce across the province have previously called for the elimination of the 2 per cent business tax, a step that start-ups and Indigenous and Black businesses have also asked for. We know that small businesses make up approximately 95 per cent of the businesses in Alberta and they are key job creators. Through the Chair: Minister, can you share any specific dollar amounts of how much the small business tax brings in revenue? Where in this budget is that revenue being reinvested to support small-business growth and hiring? Minister, do you think that this tax should be zero, and if not, why?

Mr. Horner: Okay. Well, to your question of the revenue take, it's about \$344 million at 2 per cent. As to your question of: do I believe it should be at zero? No, I don't. I've been pretty clear with the chambers of commerce over the last two years that it's probably a bad tax shelf from a policy perspective. You know, we co-hosted or sponsored the Productivity Summit for Canada with the U of C last year. You're looking at, we've talked about cliffs of different sectors in growth phases. We have a lot of small businesses in Canada, in Alberta too, and that's good; they're the fabric of our society. But that gap to becoming a larger corporation and employing more people is evident. It was highlighted at the productivity summit. I know nobody wants to pay tax, but we don't want to incentivize businesses to stay small from a policy perspective either.

I think the wonks would tell you that it would probably make sense to have the 2 per cent to 8 per cent be closer together to ensure you're incentivizing the right thing. I'm not promoting that or saying that that's something that we're looking at because we're not, but I would say that we're definitely not looking at going from 2 per cent to zero per cent either. I've told them flat out that that won't be happening.

11:35

Member Hoyle: Thank you, Minister. Is any of this being reinvested – that was one part of my question – into supporting, you know, businesses here for hiring?

Mr. Horner: It's being reinvested on every other page, whether it's the school or the hospital or paying the payroll for the nurses to provide them support. It's everywhere.

Member Hoyle: Okay. Moving on then to the last question I have here. You know, we know Alberta has a strong oil and gas industry. I'm someone who actually has owned a business, a very successful business, in the oil and gas industry for well over a decade and a half, and I come from a generational family of oil and gas. We do drilling, logging, and perforating, so I very much understand the importance of an oil and gas industry to Alberta, but we must also grow our economy. Alberta should be looking at opportunities to diversify our economy, not just to increase revenue but also to increase jobs, attract investment, and help with affordability. Through the chair, can the minister share if this government is working on any market expansion to increase Alberta's job opportunities in the energy industry, and if so, which sectors? Can the minister provide any insight on other key energy industries that the government has identified as potential areas for growth, and which ones are the priority?

Mr. Horner: Yeah. I would probably leave, like, the details at the heart of your question to the energy minister, but I would share this with you. You know, since the signing of the MOU and the concessions or exemptions or elimination of 7 of the 9 bad laws, as the Premier dubbed it, we are seeing, I'd say, an organic, natural excitement in this space. I'd say it's not something that we're having to push per se, but there's just a lot more deals and potential deals being discussed. I think if you look to the news release from South Bow about the potential for a reimagined Keystone project, it's very interesting. Those kind of things wouldn't be possible without the removal of some of those high-level constraints that were in the MOU.

Looking at the energy crisis, what's going on in Iran, I think a lot of that is things that we're not going to have to necessarily steer and direct but will come to us as they should but should provide a lot of opportunity for egress.

The challenges with going west: you know, I'm taking the Prime Minister at his word that he thinks it's in the national interest to get that deal done. I haven't been in those rooms with Premier Eby and the Prime Minister. The Premier has, and I think there's a sincere acknowledgement that this is in the national interest. I've said before that the country is in trouble economically, and nothing can help the country like Alberta's energy. The TMX expansion increased GDP to the country by almost a per cent. You look at our productivity numbers, you look at our job growth numbers. So it's not that I trust everyone, but I think that our interests are aligned in this case for Alberta and the country.

The Chair: Thank you, Minister.

We'll now go over to MLA Rowswell.

Mr. Rowswell: Thank you very much. I appreciate the back and forth. It's a nice way to have a conversation about the budget, so it's great. On page 175 and 176 of the business plan under performance measure 1(b) it's showing that a per capita expenditure comparison is made with British Columbia, Ontario, and Quebec. Maybe it's been there in the past, but this is the first time I've seen it highlighted as to the per capita expenditures and then trying to compare ourselves to other provinces. To the minister through the chair: can you clarify why we use these three provinces as opposed to, say, in west Canada like Saskatchewan, Manitoba or the Maritimes? Is there a reason that we do it that way?

Mr. Horner: I think this goes back to recommendations from the 2019 Blue Ribbon Panel. I think, you know, Janice MacKinnon recommended that Alberta should look to those jurisdictions for these comparisons just because of our size. We should be comparing ourselves to the larger provinces. It might be nice in some ways to always compare ourselves to Saskatchewan, but the fact that we have 5 million people, more people in Calgary or Edmonton than their entire province: it's just vastly different. It changes the things that you need to build and that are required. The scale is different. I think the recommendation was to use those larger provinces for these comparisons, so that's what we've done since 2019.

Mr. Rowswell: Okay. I guess our scale relative to Ontario and Quebec would be out of whack a little bit, but what else are you going to compare it to? I guess that is the logic behind it.

Good. Can the minister compare per capita impact on provincial deficit forecasts in Alberta and in British Columbia's already announced budget in 2026?

Mr. Horner: Per capita deficit numbers between us and B.C.?

Mr. Rowswell: Yeah. Right.

Mr. Horner: Okay. B.C. is projecting a deficit of \$13.3 billion, compared to \$9.4 billion, so it'd be about \$2,300 per person in B.C. to about \$1,800 in Alberta, deficit dollars per capita.

Mr. Rowswell: Is that something you look at every year?

Mr. Horner: It's another one of these metrics and guideposts that I think are important to give you context. At the end of the day, it doesn't matter if there's 7 million people here; we still have to answer for the deficit, right? Our revenue doesn't come in per capita.

Mr. Rowswell: Can you provide any insight into how we're going to outperform those other three provinces regarding per capita expenditures going forward?

Mr. Horner: Well, I'd say this. Around 2022 we converged with the average of the large provinces, so Ontario, B.C., and Quebec, in terms of per capita program spending, and we've kind of maintained this position since then, with Alberta coming in slightly below that average. Hard to predict, obviously, the spending trajectories and future decisions of the other provinces, but since 2019 our per capita program spending has increased by about 7 and a half per cent, while the spending in the other three provinces you referenced is anywhere from 27 per cent in Ontario to almost 45 per cent in B.C. So dramatically different.

I think that points to the importance of the operational expense ceiling in the fiscal rules and having guideposts and anchors and metrics to cling to, especially during rapid population growth. I guess that's the difference. I would imagine B.C. is searching

desperately for some guideposts and anchors to manage what they do next, but that's why the rules are important.

Mr. Rowswell: One question I've always had is: you mentioned this is operational spending per capita. So that's not capital expenditures like infrastructure? That's in there, right?

Mr. Horner: That's operational spend.

Mr. Rowswell: That is operational. Yeah.

You know, people compare us to a business a lot of times, but I don't buy a million-dollar combine and expense it all in one year. But that's what we do in government, which is different. So in a catch-up year on capital expenditures, or over a series of a few years trying to catch up, on a per capita basis it could impact you fairly dramatically, and it could drop after that just because you've caught up on the capital and you go to a more normal level. Is that a different challenge for governments than it would be for, say, a business?

Mr. Horner: Well, on the capital side, you know, if it's a capital grant per se, if it's something that we don't own, but say it's dollars that are going out to the municipality or partner for capital, that hits the fisc at a one-to-one in real time. If it's our capital, those things are amortized over time and expensed over time, but the challenge is that it still impacts your debt in that year because the actual cash that's rolling out the door impacts your debt escalation. So it's a little different. You do have to look at the actual cash that's going out the door, but it is an investment that you'll amortize over time.

11:45

Mr. Rowswell: So that does happen at the government level; it gets spread and accounted for. But it's accounted for annually, isn't it?

Mr. Horner: The cash out the door is accounted for annually, and it's lumped on the debt.

Mr. Rowswell: Okay. That's good.

I'd like to change a little bit here. On page 178 of the business plan outcome 3 states that "Alberta has an efficient and effective public service working for its citizens." I can tell you that it's been one of my learnings since I've got here how hard the public service works and how valuable they are to us being able to implement what we're talking about. To the minister through the chair: since an organization can only be as effective as the people that support and operate it and given the critical role that a skilled, professional, well-qualified workforce plays in delivering high-quality public services, what specific steps will you take to ensure that the hiring practices across the public service continue to prioritize merit-relevant qualifications and demonstrated competence and overall excellence in recruitment?

Mr. Horner: Thank you, Member Rowswell. The government of Alberta remains firmly committed to fair, transparent, and merit-based hiring in the Alberta public service. The Public Service Act, which governs all hiring in the public service, states that "each appointment to, and promotion within, the public service shall be predicated on the selection of the most suitable applicant." Appointments are made by selecting the most suitable applicant through an objective, evidence-based assessment of qualifications, experience, and demonstrated competencies. Recruitment processes are designed to be impartial, defensible, and able to withstand public scrutiny while reinforcing a high-performing, merit-based culture. The Public Service Commission continues to publicly post competitions, prioritize front-line service delivery, and regularly review hiring practices to ensure they uphold the values of respect,

accountability, integrity, and excellence while attracting the talent needed to serve Albertans. It's at the forefront of everything they do and how they bring people into the public service.

I do have Ms. Caltagirone here if you wanted her to go in depth on anything. To the start of your question and the thanks you gave the public service: it's not just because I'm surrounded by them right now, but I would say that maybe it's my naïveté before having this job, but I definitely gained a profound appreciation for the work that they do, especially in supporting these roles with Albertan lay people like myself that, you know, hold these chairs for a time. They have to be prepared to support and give the best advice that they can in real time, and they always do a wonderful job, so very appreciative.

Mr. Rowswell: You know, since I've come in, I've learned there's a lot of really interesting jobs in government. If I knew back then, when my kids were younger, what I know now, it's a real career path. You can start in one ministry and work your way into another one and become quite broad in your experiences. So I think it's a great place to work.

Thanks.

The Chair: Excellent. Well, thank you very much, Member.

We are going to Member Brar. Excellent. Thank you. You have 10 minutes.

Mr. Gurtej Brar: Thank you, Mr. Chair. Minister, are you good with shared time?

Minister, I appreciate your time today. I would like to raise a number of concerns that my constituents in Edmonton-Ellerslie have brought forward regarding the impact of the current budget on affordability for both families and small businesses. My goal is to better understand the rationale behind certain budget measures and how they are expected to address the cost of living and the pressure Albertans face.

First, property tax related to education funding appeared to increase according to the fiscal plan, pages 123 and 124. The residential and farmland education property tax will rise to \$2.84 per \$1,000. This translates to approximately over \$300 additional taxes on median-value homes. Through the chair to the minister: could you explain the key factors driving this increase? Specifically, what analysis was undertaken to determine that this rise in education property tax is necessary at a time when many families are already struggling with rising rent, groceries, and utility bills?

Mr. Horner: Thank you for the question. In Budget 2025, a year ago here – some of us were in these same chairs – I clearly laid out the plan to get back to 33 per cent of educational operating expense. That's where the province has historically been at. The correlation is directly related to the \$10.8 billion in operating expense that you see in education's estimates here. Obviously, the money has to come from somewhere. You know, that's a base that we've historically used. I'm sure that at one moment in time the government of the day gave that up. Maybe they were in a sustained surplus position and felt that they didn't need it, but we certainly need it now. I guess it brings that conversation of: are there things we spent in the education budget that we shouldn't have? That property tax increase doesn't reflect in any way the domination of the capital plan by school construction. That is simply correlated to operating expense. So I think the real need of education is what drove this.

Back to some of your earlier points in the question. Albertans definitely are still in many households having major affordability challenges. That's why I've referenced the fact that we have very

few levers to pull to impact that directly. That's why the personal income tax cut was so important. That's why we're trying to do the right thing to avoid things like sales taxes and health care premiums, all those other advantages that we have.

When you really look at this budget – like, I hear the comment: what's in it for me? Having a functioning health care system, having an education system that works, that's addressing complexity. You know, if you look at the spend of government, it's truly health, education, and a myriad of other things, but when you look at how government spending impacts Albertans, if you're a healthy, well-adjusted person or family that's able to put enough on the table for your family, you don't get much from government ever. You pay your taxes, and you have health care and education. Most of our programming is focused on those in the most need, which is obviously lower income and also disabled folks.

Mr. Gurtej Brar: Also, Minister – sorry. I just want to add a couple of more questions here.

Mr. Horner: Oh, sorry.

Mr. Gurtej Brar: Also the small businesses: I know you went on your way, but there are a couple of questions we need to address. For small businesses, they are equally concerned, as page 124 of the fiscal plan indicates, that nonresidential property tax rates will shift to \$4.17 per \$1,000. For small shops like in Edmonton or Calgary this could add up to thousands of new annual costs for already struggling businesses. Through the chair to the minister: could you discuss the economic modelling behind the change? How does the government plan to support small and medium enterprises in remaining viable under higher tax burdens, particularly when the goal is to encourage local investment and job retentions?

Mr. Horner: Well, these increases are real. You've laid them out. On residential farmland, \$2.72 to \$2.85 per \$1,000 of assessment. On commercial, \$4 to \$4.17, once again directly related to the education spend. Companies and job creators expect to have these services for their employees, for themselves, and this is the priority of government and, I would say, of most governments. Health care, education, and postsecondary education dominate this.

11:55

For those concerned businesses, I would say that I definitely hear you. We're trying to maintain the broad advantages that we have – like I said, no payroll tax, no health care premiums, no sales tax, the lowest taxes in the country by far – and do what we can with the revenue that we have while also taking criticism for running a deficit and all of the other things. So we need to also appreciate what we have.

Mr. Gurtej Brar: Affordability is also being challenged by rising auto insurance rates. Drivers tell me that their premiums jumped sharply this January. A report from the insurance rate board shows a base rate of 20 per cent up effective January 1, 2026. I'm hearing from my constituents that the increases are forcing difficult choices such as reducing groceries, withdrawing children from extracurricular activities just to keep the vehicle insured. Through the chair to the minister: what led to the decision to raise the cap or provide targeted relief for mandatory auto insurance during this period of cost escalation before 2027 for sure?

Mr. Horner: Well, I've said we kind of have our finger in the dam here, so to speak, while we try to get to January 1, 2027. You know, there's the good-driver rate cap. There are also rate caps within the

AIRB over an entire book of business, but the system is unsustainable in this way.

If we weren't going to move to care first, you know, we would have to lift the good-driver rate cap, let the system stabilize, and you could expect that premiums would skyrocket. It's important that we land this, get to the stable pricing that care first will provide, and get away from any market distortion that short-term rate caps are causing, because it does depend on which side of that you are. It's great that the good-driver rate cap is protecting maybe the majority of Albertans, but if you find yourself outside that, it certainly isn't helpful. So we need to get back to just having the best ratings possible for all Albertans, which I look forward to in January.

Mr. Gurtej Brar: Also, page 122 indicates the 6 per cent vehicle rental tax. Through the chair to the minister: could you explain the policy rationale for layering these fees on top of rising insurance and personal transportation costs? Many families and businesses rely on the rental industry. What analysis was there to raise the 6 per cent vehicle rental?

Mr. Horner: Yeah. Part of our process, you know, is continually looking at expense but also revenue opportunities. This came up in the summer, and we did look at policy specifics of what should be applicable, what the rate should be. Obviously, with \$9 billion deficit we are looking for revenue opportunities. It has the advantage that 55 per cent . . .

The Chair: Excellent. Thank you both for your questions.

We're going to go back to the government side. Member Cyr.

Mr. Cyr: Well, with my whole 48 seconds: I appreciate all the good work that you and your staff have done so far. It's halfway through, and I look forward to continuing my block in the afternoon after question period. I'll be focusing mainly on the deficit that we've got before us, this looming deficit, as you were just speaking about, kind of asking some questions about clarity and maybe getting some direction from your department.

Sir, thank you for this morning. I know that your responses were very clear, and it appears that your staff have very diligently given you the tools you need to be successful for this morning's meeting. Thank you so much.

Mr. Horner: Thank you.

The Chair: Excellent. Well, committee members, I do not hesitate to interrupt, but I must advise the committee that the time allotted for this portion of consideration of the ministry's estimates has concluded.

I would like to remind the committee members that we are scheduled to meet this afternoon, March 17, at 3:30 to continue consideration of the estimates for the Ministry of Treasury Board and Finance.

Thank you, everyone. This meeting is adjourned until this afternoon.

[The committee adjourned at 12 p.m.]

