



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
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Standing Committee on Resource Stewardship

Dyck, Nolan B., Grande Prairie (UC), Chair
Sweet, Heather, Edmonton-Manning (NDP), Deputy Chair

Al-Guneid, Nagwan, Calgary-Glenmore (NDP)
Armstrong-Homeniuk, Jackie, Fort Saskatchewan-Vegreville (UC)
Calahoo Stonehouse, Jodi, Edmonton-Rutherford (NDP)
Cyr, Scott J., Bonnyville-Cold Lake-St. Paul (UC)
Ip, Nathan, Edmonton-South West (NDP)
Petrovic, Chelsae, Livingstone-Macleod (UC)
Rowswell, Garth, Vermilion-Lloydminster-Wainwright (UC)
Yao, Tany, Fort McMurray-Wood Buffalo (UC)

Also in Attendance

Ellingson, Court, Calgary-Foothills (NDP)
Eremenko, Janet, Calgary-Currie (NDP)

Support Staff

Shannon Dean, KC	Clerk
Trafton Koenig	Law Clerk
Vani Govindarajan	Parliamentary Counsel
Philip Massolin	Clerk Assistant and Executive Director of Parliamentary Services
Nancy Robert	Clerk of <i>Journals</i> and Committees
Abdul Bhurgri	Research Officer
Rachel McGraw	Research Officer
Warren Huffman	Committee Clerk
Jody Rempel	Committee Clerk
Aaron Roth	Committee Clerk
Rhonda Sorensen	Manager of Corporate Communications
Christina Steenbergen	Supervisor of Communications Services
Amanda LeBlanc	Managing Editor of <i>Alberta Hansard</i>

Standing Committee on Resource Stewardship

Participants

Ministry of Treasury Board and Finance

Hon. Nate Horner, Minister

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

Darren Hedley, Deputy Minister

Stephen J. Thompson, Assistant Deputy Minister, Treasury and Risk Management

3:30 p.m.

Tuesday, March 17, 2026

[Mr. Dyck in the chair]

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

The Chair: Well, good afternoon. It's exciting to welcome everybody back for part two of our committee meeting. I would like to call the meeting to order and welcome everyone in attendance here today. We have under consideration the estimates of the Ministry of Treasury Board of Finance for the fiscal year March 31, 2027.

We do need to go around and do introductions. Once again, my name is Nolan Dyck, MLA for Grande Prairie. We will start to my right.

Mr. Cyr: Scott Cyr, MLA for 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 afternoon. Jackie Armstrong-Homeniuk, Fort Saskatchewan-Vegreville.

Mr. Horner: Nate Horner, MLA for Drumheller-Stettler, president of the Treasury Board and Minister of Finance. Do you want me to introduce . . .

The Chair: Oh, yeah. Sorry, sir. Please introduce your staff again.

Mr. Horner: Yeah. Once again, to the left of me, Darren Hedley, deputy minister. You guys should get to introduce yourself. Dana Hogemann to my right, Treasury Board secretariat; and Lyndon Epp to my far right, fiscal policy and economic policy. Very good. And Nicole Baich – don't want to screw that one up – director of financial planning and budgets. Thank you for being here.

Member Ellingson: Court Ellingson, MLA Calgary-Foothills.

Member Eremenko: Good afternoon. Janet Eremenko, MLA for Calgary-Currie.

Mr. Ip: Nathan Ip, MLA for Edmonton-South West.

Ms Sweet: Afternoon. Heather Sweet, MLA for Edmonton-Manning.

The Chair: Excellent. Thank you very much.

A few housekeeping items to address before we turn to the business at hand. Microphones are operated by *Hansard* staff. Committee proceedings are available on the Internet and broadcast on Alberta Assembly TV. The audio and live stream and transcripts of meetings can be accessed via the Legislative Assembly website. We don't have any remote participation. If that happens, we'll deal with it then. Please set your cellphones and other devices to silent for the duration of the meeting.

All right, we are back to speaking rotation and time limits. We will continue on to our second half of our six-hour meeting. For the record I'll note that the Standing Committee on Resource Stewardship has already completed three hours of this six-hour debate. As we enter into our fourth hour of debate, I'll remind everyone of the speaking rotations. We are now at the point of the

rotation where speaking times are, once again, five minutes maximum for a 10-minute slot. These times are, once again, per member and cannot be ceded time to anybody else. Please remember at the beginning of your time if you want to go back and forth – it sounds like we're doing back and forth today, which is fantastic – or if you want to do block.

Now, I do need to ask once again about a break in between. We will figure that out as it goes, but is anybody opposed to a five-minute break halfway through? No. Perfect. We will have a five-minute break.

When we adjourned this morning we had a few minutes left on the clock. We were one minute into Member Cyr's questions and the minister. I would now invite Member Cyr to start off with his nine-minute block of questions.

Mr. Cyr: Thank you. Thank you, Minister. I appreciate the opportunity to talk with you and your staff again from this morning.

Now, this morning I had said that I'd like to talk about that \$9.4 billion dollar deficit that we've got. I know that for many in this room, they've seen the financial statements, and a lot of interpreting goes into this. The short-term fiscal challenge of these is clearly evident, and there are external factors and internal factors that you have some control over and some that you don't have control over. Minister, would you be able to, I guess, discuss this in a way for those that might be watching at home to be able to fully understand this, in a way that the public could really come to an understanding of where we see this going, what influences there are? What do you see as the biggest challenges, and what are the successes that we've got going forward?

Mr. Horner: Okay. Yeah. Thank you for the question. It's an awfully big number, so I think that sometimes it's hard for the public to wrap their head around it. I've seen the eyes glaze over sometimes when I'm speaking, even at Chamber events, and it's: billion this, billion that. It's hard to put it in context.

I guess, to get an understanding of the size, you know, we're expecting to take in \$15 billion and change in personal income tax, just under \$8 billion in corporate tax this year, to kind of give you some context of what that size of the deficit is. You know, the big story: this is largely a revenue story if you're looking at the differences from last year. We did keep our spending below population plus inflation, which is a challenge and will leave some tough budgets for ministries, especially ministries with kind of volume-driven, mechanical expense. You saw in this budget that education saw a 7.2 per cent increase. The health ministries saw roughly a 6 per cent increase. To get below population plus inflation, that means there's some tough budgets for, really, everyone else, so I guess I would start there.

The size of the deficit: we've talked many times about the sensitivities that impact our revenue. The price of oil is probably the one that's discussed the most often. The sensitivities for Budget '26, because we forecast oil in that \$60 range, at \$60.50, we estimate it at \$650 million per dollar. The differential: very nearly the same. Every dollar change in the differential is a \$640 million impact to our bottom line, and the currency is also very important. Every cent change in the currency is just under half a billion dollars, so you're trying to forecast with all of those things in mind.

I think when you're at a budget, when you're at that point in time, you know, you pick your forecasted number – this year it's 60/50 – and then you update the province at your quarterly reports and show them if the situation has improved or deteriorated. It's easier as you get further into the year to the year. At first quarter you've already got the baked-in actuals for that first quarter, and then you're only

forecasting nine months as opposed to forecasting a full 14 months at the time of tabling.

I think it's important when we talk about the size of the deficit and explaining it to Albertans that you want to control what you can control, which is largely the spending, but also that we haven't made it easy on ourselves. Every government previously took the retained earnings out of the heritage fund and applied that against their surplus or deficit, so we've made that even more challenging. I think as Albertans are, you know, looking for something to guide them to determine if the province is doing a good job or not, I think it would be monitoring our net position – it is expected to increase our net debt-to-GDP from 10.5 per cent to 12.9 per cent in the out years – and also managing what we can control, which is spending.

You don't want to see overly optimistic forecasts in the budget either. I don't think that serves anyone. It may make budget day go a little more smoothly, but I think the more realistic and reasonable you can be on that day, you will put yourself in more opportunities to land in a surplus or at least in a position that's gotten better.

I look at the last couple of years. You know, we had a \$300 million surplus at budget that became \$8.3 billion surplus, greatly improved. If I look at this year, that's not over yet: incredible uncertainty at the time of Budget '25. We saw it move from \$5.2 billion to \$6.25 billion deficit in Q2, to what we were forecasting at is a \$4.1 billion deficit in Q3. You know, we were already on that trend line before the oil markets improved, so I'm not going to speculate on what it'll actually be, but I would assume it's improved, and you could, too.

Mr. Cyr: Thank you. Now, the alternative approach that we're hearing from the opposition here is that they really want to tax our way out of this whole thing. During my time in 2015 to 2019 under their government we saw them try that, and we saw the revenues dramatically drop historically. People just moved out to other jurisdictions, which we're hearing. Our neighbouring jurisdictions that are underneath the NDP are moving towards Alberta. So by being tax competitive throughout the world, in North America specifically, that gives us a competitive advantage. Can you walk us through how well that's working for Alberta?

3:40

Mr. Horner: Well, I think if you look at, you know, the job numbers, the investment numbers, we are definitely punching above our weight within Canada. A lot has happened in the U.S. over the last two years. There's been a lot to incentivize certain sectors of their economy. I don't know if that's something that would be wise for a jurisdiction like Alberta to try to chase. We know we have broad advantages, and while we're in a deficit position, I think it's important to make sure that Albertans understand that we're fighting to maintain those advantages. We still have a \$16.9 billion advantage over the next closest province if you laid their tax structure on top of Alberta, and I believe that position will actually be greater than that with the personal income tax increases that British Columbia announced.

I'd say this. I've long known Albertans to be tax averse. Conversations you have around kitchen tables: I think that that's a real thing. We're also debt averse. You know, we like nice things. I've said in some of my Chamber events that I love this place because we want it all. We want great public services. We want great programming. We want great capital infrastructure.

The Chair: Excellent. Well, thank you, Minister. Thank you, Member, for that.

Okay. I see Member Ip. Now, before we start the timer, back and forth? Just want to confirm, Minister and Member, that this is what's happening. Back and forth? Yeah.

Mr. Ip: Yeah.

Mr. Horner: If you like.

The Chair: Perfect. Member, go ahead.

Mr. Ip: Thank you, Mr. Chair, and thank you, Minister, for the opportunity to engage in this discussion this afternoon. I want to begin by focusing on a discussion around the diversification of the economy. Specifically, I have some questions related to tax credits as well as the government's overall diversification strategy.

As you know, in Budget 2026 the province cut \$35 million from the film and television tax credit, funding that was specifically designed to grow Alberta's creative economy. This matters because the film and TV sector have proven to be a job creator, previously supporting 129 productions and over 9,000 jobs under, actually, UCP initiated programming. Reducing support for such a high-growth cultural industry signals unpredictability to investors. It seems that this government has taken a different approach in terms of attracting investment, and I'd like some clarity from the minister in terms of what that is. The government has pulled the plug on plans to revive a tax credit for video game developers, for example, opting instead to support industry through other kinds of strategic partnerships and investments.

Last year during my budget estimates in Tech and Innovation I did discuss studio closures, Inflexion Games and Humanoid games, in part because of the scrapping of the digital media tax credits. But when we look at other jurisdictions, other provinces are taking an opposite approach. In fact, they're continuing to enhance their incentives. B.C., for example, has an upcoming tax credit expansion to 25 per cent, which will bring it closer to kind of what is happening in Ontario, the Ontario interactive digital media tax credit, in which a 40 per cent tax credit is available for eligible Ontario labour expenditures and eligible marketing and distribution expenses incurred by qualifying corporations that develop and market their own products. Also, looking further east to Quebec's multimedia tax credit, that allows companies to claim up to 37.5 per cent of eligible labour costs. These cuts contrast sharply with the government's continued support for more traditional industries. You know, this government is pursuing incentives, such as maintaining a 12 per cent petrochemicals incentive, APIP, and allocating up to \$5.3 billion for carbon capture, but there are no equivalent incentives for modern creative, digital, or knowledge sector employers.

We are also reminded, Minister, of how investor confidence was impacted by the moratorium on new renewable energy approvals in 2023, which halted what had been one of Canada's fastest growing clean-energy markets. In fact, *The Narwhal* magazine reported that renewable investment declined significantly following the freeze, with 44 per cent of projects cancelled between 2023 and 2025, and the CBC reported similarly that nearly 45 per cent of proposed projects failed to launch. I guess the point is this, Minister: it seems that the government often talks about wanting to diversify, but when you look at your industrial policies and tax incentives, it is still geared towards more traditional sectors, and it's not clear, at least, what the strategy is in growing emerging or creative sectors.

Budget documents show that the support for the film and television tax credit has declined from roughly \$105 million in 2024 to \$95 million in 2025, and now down to about \$60 million in Budget 2026. I'd like to understand from the minister what the strategy is, I guess, broadly around diversification but specifically

why the reductions in the tax credit? What evidence does the government have that its current approach is outperforming or even matching the tax credit models used in provinces like Ontario, Quebec, and B.C.?

Mr. Horner: No. I appreciate the question. I think I'd start at a high level and say that, you know, our analysis shows us that the economy has never been more diversified. That's simply the facts. It gets dwarfed and lost in the fog of the impact of resource royalties when we're talking about the energy sector specifically, and what the revenue impact is for the GOA.

When we talk about tax credits of any kind, you know, I think it's important to understand what activity you're trying to incentivize and then look at what the ROI return will be for the province. We have chosen to be a low-tax jurisdiction that has broad advantages that don't discriminate between sectors. Choosing to be a low-tax jurisdiction, focusing on being open for business, removing regulations, speeding up processes and permitting and the like is a choice we've made. I do believe it gives you less credibility and reason to chase boutique credits. The other jurisdictions you've mentioned have much higher taxes than us. They may need to do those things to incentivize the certain type of action that they're looking for, but I would say that in our circumstance I think we have to be very careful about where we apply additional incentives.

When you're talking about APIP specifically, you know, there are a few layers to the value proposition for the province. Obviously, we're incentivizing some big projects that are competing globally, like the Dow petrochemical project, the first net-zero ethylene cracker in the world. Huge project, huge amount of jobs, but also has the benefit of using a lot of Alberta's natural gas, paying royalties, so you really have to look at all of the revenue opportunities in return to the province.

When it comes to some of the other credits like film and television, I've read all the reports, and I certainly advocated for that program at different times, I think, especially where we were coming out of COVID. We wanted some general economic activity in the province. We wanted to get people here, create some jobs.

3:50

Those credits: it's easier to follow the ROI for the province if you have a tax like a sales tax or consumptive tax that's taxing the churn in the economy. It's a little harder to, you know, delineate what's coming back to the province and what may be more short-term jobs. Obviously, we created a lot of studio space and did create more of that longer-term infrastructure that you'll need to always be a player, but you also have to look at what we did in this budget around the investment and growth fund in JETI. That program and the investment and growth fund live in that department, so we want them to analyze where we're getting the best bang for our buck. We want to create good-paying jobs that will last a long time, that have capital investment that comes with it, so I think this is accurate.

The innovation employment grant: \$125 million. The investment and growth fund: \$28 million. Film and television: \$60 million. And a \$15 million investment into the Invest Alberta Corporation. We want them to look at what has the best return and the most long-term impact. I know that the minister – I would let him comment on that, but he's very supportive of the investment and growth fund. He thinks that they're able to be a little more targeted in their application potential for landing large deals that are almost across the line, that can have major, long-term impact. The Lufthansa deal in Calgary comes to mind.

I think we want to have the flexibility that they can really target where there is a return for the province, but back to the main part of your question. I think we have to be careful with incentives, and we

can't be all things. We can't be a low-tax jurisdiction and chase the boutique credits of everyone else or we'll lose sight of what we're trying to do.

Mr. Ip: Just really quickly on that point: tax credits specifically, when they're targeted, can build momentum and attract interest in a particular sector, and so how do you do that . . .

The Chair: Great. Well, thank you, Member, for the questions, and thank you for the conversations.

We're going back over to the government side, and MLA Yao, I believe, is up next. MLA, you have 10 minutes. You cannot speak for more than five minutes at a time, but you have 10 minutes on the clock.

Mr. Yao: Thank you so much, Chair. I really appreciate that.

Again, Mr. Horner, thank you and your entire team for all the great work you're doing for Albertans.

Contingency funding. I'm hoping that you can explain a little bit about that because there are so many variables to the things we deal with here in Alberta, whether it's a fire or a flood or a hailstorm or who knows what else, you know, a lack of rain resulting in dry crops. There are all sorts of things we deal with.

On page 251 of the government estimates, line 10, the amount that we put in the contingency fund is only \$2 billion, which is a substantial amount of money by my perspective, but it is half of what was put in last year. Again, we still face a lot of precarious things that go on in the world, and then on top of that we now have some geopolitical instability. Hopefully our goods and services will be able to continue to be sold and stuff, but there are some things that might impact us, whether it's tariffs or other things. I mean, ultimately, our fiscal situation, our economic situation: these things could change so quickly. I guess I'm wondering if you can explain to us, like, how much of last year's contingency fund was spent, and then again, recognizing all the nuances, all the variables that you have when you're trying to do a budget, can you explain to us how you came up with this budget regarding the contingency fund, please?

Mr. Horner: I appreciate the question. So just a little background. When the fiscal rules first came in, we started with a 1 and a half billion contingency, moved up to \$2 billion, and then in last year's budget we felt we should have a \$4 billion contingency for some of the reasons you mentioned, the tariff uncertainty, the public sector bargaining that was around the corner. This year we've moved back to a \$2 billion contingency. There's still a lot of uncertainty, obviously, and we'll watch the CUSMA negotiations with, you know, great interest, but as I mentioned this morning, we are forecasting kind of the status quo on that front. That's the best guess we can make in that regard for now.

The public sector bargaining. There are still many tables outstanding, but they're smaller tables. I think we've completed 92 or 92.5 per cent of the amount of people and the value of the contracts is concluded, so those items then move out into the specific ministries' and departments' budget lines.

Last year, the \$4 billion contingency: how much did we use? All of it. I can give you a little bit of a breakdown of '25-26 expense. It's forecast to increase by \$77 million from Budget 2025. While the expense forecast before contingency allocation has increased by \$4.1 billion, most of the increase offset the \$4 billion contingency. There was an increase of \$2.7 billion in operating due to increased demand on health care and compensation. There was an increase of \$1.5 billion in disaster and emergency assistance due to wildfires, drought conditions, and associated agriculture indemnity payments.

Those increases were partially offset by a net decrease of \$100 million for other categories of expense.

For the people trying to understand this, we have a voted contingency that we try very hard to stay within over the course of a fiscal year, and you mentioned that there are many things that can happen. There are obviously disasters and the like, but there are also challenges with your budget itself, you know? If you underfund something that's unavoidable, it's coming back to you in the fiscal year, and some things are legislated obligations of the government and the Crown. Other things are simply unavoidable, volume-driven costs. I'm thinking physician compensation is one that definitely came back in this fiscal year with health.

It's a couple of things. It's the things you can't see. It's to fix the challenges with your budget at that point in time. We try to make sure that the ministries are tracking the pressures, and then we try to track everything but see what we need to deal with in the middle of the year, then Q3, and then the end of the year.

But that's one of the pillars of the fiscal rules: to have a voted contingency, decide on a number, table it with your budget and then try to stay within it. There are exceptions to the contingency, you know, dedicated revenue and the like that you certainly wouldn't say no to if there's federal program spending that comes in late in the year, things like that. Then some of those disaster items that you mentioned: we're not going to stop fighting fires that are impacting communities in Alberta because the contingency limits have been met. We will deal with our obligations when it comes to indemnity payments and the like. It's another thing that's meant to hem you in, but it does have built-in flexibility to deal with actual challenges in real time.

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

I'm wondering if you can also perhaps turn to page 256 of government estimates and the expense section, the budget for financial sector and pensions. We see that number is going to increase from \$232 million from last budget to \$256 million. It's a change of approximately \$24 million. The expense votes on line 7 on page 250 and the related capital investment vote, line 7, on page 251: someone asked me about that one; I could not explain it to them. I'm hoping you would be able to address that and explain to them what that line item is, and why is the expenditure going to increase by that \$24 million? If you could just clarify. Like, what pension or what aspect is that related to, please? If you're able to explain that, that would be absolutely fantastic.

4:00

Mr. Horner: Well, I have a very long explanation, so I hope you're ready for that.

Mr. Yao: Yes, sir.

Mr. Horner: It touches on many pieces. The pension group consists of the pension policy team, which develops legislation for Alberta-based public- and private-sector pension plans and provides advice on Alberta's role as one of the joint stewards of the Canada pension plan. They review pension legislation, recommend changes to reduce red tape, and support the legislation. The employment pensions team, which oversees the application of the employment pensions act and the Joint Governance of Public Sector Pension Plans Act: they review all the registered pension plans in Alberta to ensure they have adequate funding to support the pensions that Albertans have worked for throughout their lives. The team also investigates the actions of pension plans registered in Alberta, and assists Albertans with any questions they have regarding the growth of their pension funds and how to claim the amounts when it's time to retire.

The insurance group is divided into an insurance policy team and an insurance regulation and market conduct team, reviewing insurance companies operating in Alberta and supervising the solvency and governance of provincially incorporated insurance companies. These are, kind of, the functions of the teams where the money went.

Finally, the financial institutions group is similarly divided into a policy team and a regulations team. The financial institutions regulation branch, which registered in overseas banks, credit unions, and loan and trust companies that operate in Alberta: overall, this division is responsible for safeguarding the financial futures of everyday Albertans, ensuring bank accounts are secure and their pensions are available.

This year there are two critical priorities driving the need for additional funding. The first is to support enhanced oversight of ATB. The proposed \$7 million increase to the branch's budget includes \$6.3 million to support annual updates to ATB Financial's composite risk rating, a key supervisory tool used to assess the financial condition and risk profile of financial institutions, and a \$700,000 increased staffing and operational capacity, adding five full-time equivalents to support supervision and policy development. The second priority is an additional \$9.8 million to support the transition to care first by investing in an industry education support system.

The Chair: Excellent. Thank you, Minister.

We'll move on to our next block. MLA Sweet, it looks like you're up. Once again, just a reminder that you can't speak for more than five minutes at a time. Back and forth is what I'm assuming this is going to be. If the minister is good with that, on back and forth, then, Member, you're good to go.

Ms Sweet: Thank you, Mr. Chair. Minister, on page 92 of the fiscal plan it's noted that "work to reform Alberta's utilities sector continues, including implementation of the Restructured Energy Market."

I want to share a couple of things with you about the government's own consultation report from last year about investment in the power sector. One line stood out. "This climate of uncertainty has increased the cost of capital, reduced appetite for new investments, and led to delayed or cancelled projects."

Minister, I think that you would agree that the electricity sector will be crucial to Alberta's economic growth in the future, yet here we have a scathing indictment of the investment community of the latest central plank of this government's electricity policy, and the investors who spoke to the government's advisors aren't the only business voices out there who are less than impressed.

At the end of last month, Canadian Utilities, a subsidiary of ATCO, announced that it was writing off nearly half a billion dollars in connection with its generation portfolio. What does that mean? I'm going to quote: "mainly related to the Alberta Renewables Portfolio... that was primarily driven by elevated curtailment from inadequate transmission infrastructure and electricity grid deficiencies," which are expected to worsen under the Alberta Electricity Systems operator's new optimal transmission planning and restructuring energy market. What does this mean? Well, they've written off \$1 billion dollars, which is valuable investment for Alberta, and utilities are basically telling their investors that it's not good to invest in Alberta at this point. Other investors are taking note, and it's difficult to imagine any business case whose final investment decision could survive on a 50 per cent cut in expected profits.

My question to you, Minister, is: what steps are you taking to ensure that Alberta taxpayers, one, are not going to be exposed to

any further potential liabilities that could be coming out of potential lawsuit of overexposure or erosion from a chaotic approach? Also, are you going to be working with your cabinet colleagues to try to address the economic uncertainty that's being driven in this conversation around utilities?

Mr. Horner: Well, you know, I'd defer some of the detail in that question to the minister responsible. But I'd say that the piece that you quoted on page 92 clearly says, "Work to reform Alberta's utilities sector continues, including implementation of the Restructured Energy Market." I know there's been lots of consultation with that minister and all of the affected parties and the regulator and the system operator. I think they're striving to find that balance, where there's stable, affordable power for Albertans, where we attract investment of all kinds, you know, baseload and intermittent.

This is not me speaking as the Finance minister, but just as an MLA I'd say that my observation was – we witnessed, with the policies of the day, a massive increase in intermittent power that didn't have a market that would lead to any investment in the baseload space. Where they're going now, I think, is trying to find that blend. We will need all kinds, obviously. The minister, I know, has been diligent in this work. Everyone wants, you know, as much certainty as possible in making their investment decisions for the future, but we do need to have a market that reflects both of those needs.

What I've seen is that the work continues and, you know, we'll be there to support them. Even in our discussions, and we've had many around the excitement around data centres, I've been public that my biggest fear is that if we move too fast and don't respect the limitations of the grid with an understanding of who's going to pay – we've seen some very challenging circumstances in some U.S. jurisdictions that, I'd say, went too fast. So we do need to take cautious steps to changing our system in a way we can attract investment of all kinds and understand that, at the end of the day, these things will be paid by the ratepayer at large.

Ms Sweet: Thank you, Minister. I appreciate what you're saying. I will say, though, that ATCO, who is thinking about taking legal recourse, is actually quoted as saying that this has created "uncertainty for large infrastructure investment, [and it's] detrimental to the Government of Alberta's stated objectives to promote investment in the Province of Alberta." I hear what you're saying. But I do believe there was investment opportunity to help address even the concerns that you're discussing, and now there are decisions being made to not invest in those areas. I think the caution here is that as this restructuring continues to move forward, we're not losing that investment potential, which we've heard in other parts of the energy sector as well around green and different opportunities there that have come forward.

Also, to move into my next piece, how does this address the affordability question that Albertans are facing when it comes to being able to deal with rising utility costs, rising insurance costs, rent, all of those things? I did actually find it very interesting, when I looked at the budget, that affordability is only mentioned four times, yet it is the biggest pressure that Albertans are facing. An MNP report just came out, and it said that the latest MNP consumer debt index shows that 75 per cent of Albertans are expecting the cost of living to worsen in 2026 and nearly 40 per cent are within \$200 of insolvency each month. At the same time this government is increasing property taxes, education taxes, provincial fees, and adding more pressure onto families who are already at their breaking point.

I guess the question that I have for you, Minister, is – we recognize that Albertans are stressed and that they are facing an affordability crunch. The budget hardly speaks to affordability to address bringing down costs for Albertans. In fact, I would say that it's doing the opposite for Alberta. I guess my question is: when you were building the budget, why was the conversation not about – we know we are going to be facing cost pressures, but we have to be creative about using the dollars that we have to help address the pressures that Albertans are facing. Why is that not built into this budget?

4:10

Mr. Horner: I think it's one of the lenses that you look through consistently as you build a budget. You're not wrong. Affordability is still the main concern that I hear about and that I'm sure all of you hear about. You know, it's interesting when you have a budget of this size, and we've gone through this morning and already talked about our revenue streams, talked about the expense growth, what we've seen with population.

We titled this budget Focused on What Matters, with a sincere focus on health care and education. We've certainly heard those cries throughout the year, that more needed to be done, so we're trying to address the pressures that we've seen with the population growth that didn't come with an economic boom this time. I've mentioned that many times. Usually the population growth is caused by the economic boom. This time the people came largely for affordability reasons. Our houses were cheaper. We obviously were creating more jobs than everywhere else but still had a high unemployment rate, still not enough to keep up with the wave.

I guess back to the affordability theme, you know, we didn't balance this budget on the backs of anybody. It's a \$9.4 billion dollar deficit. We said that we thought our balance sheet could handle this better than the homes and households of many Albertans, and we're taking that on on their behalf at a time when I just cut personal income taxes, at a time where I'm breaking my own fiscal rules. There are not a lot of levers, unless you're talking about some kind of tax-and-spend wealth redistribution scheme. We tax, personal income tax, corporate income tax; we have our great resource advantages; and then we try to put the money where it'll have the most benefit.

This budget, you know: \$32.2 billion in operating in health, \$34.4 billion when you consider amortization in health, 7.2 per cent increase in education, while, you know, weathering this for Albertans and trying to explain ourselves, that we think we can withstand it. We have a strong balance sheet, and we need some time to catch up for the population that we've seen but never losing sight of that when you look at these more systemic challenges, whether it's the auto insurance reform, whether it's keeping an eye on the electricity changes. We know there's only one taxpayer.

The Chair: Excellent. Thank you so very much.

We move back over to MLA Rowswell. I'm assuming back and forth is fine at this point.

Mr. Rowswell: Yeah. Back and forth works.

The Chair: Go ahead, Member.

Mr. Rowswell: All right. Thank you very much. Thank you, Minister. You know, you were just talking about how to build a budget. I've been a bit of a keen observer of the process because when locally I'm talking to our school boards, it's right after this budget comes out that we're talking to school boards about what their high priorities are for the next year and transportation and all the different people that we talk to. Lakeland College: I talk to them

all the time about what their priority is, and then you get that to the ministers, and then they come into Treasury Board. “Here’s my priorities,” and then that job of Treasury Board is a busy one and very involved, because that’s where ministers come and say, “This is my plan. This is what I’d like,” and then Treasury Board either approves or declines, so stuff happens right at that level, and then of course you get all your expenses in line, then you look at your revenue, and you build your budget that way.

I appreciate all the work that ministries have put in, MLAs have put in, advocating coming from all over the place, and then something like the war in Iran, where, like, you can’t work that into your plan in advance, but what do you do when it does happen? How do you manage the changes that that might require, or does it? Maybe just explain how you go about assessing a shock to the system of that magnitude.

Mr. Horner: I appreciate the question. For our chief economist watching at home, I’ll try not to go in the weeds anywhere. I would say this. You know, you spend a long time on the forecast. We’ve talked about how impactful the sensitivities are, so we do spend a lot of time specifically on the oil forecast. I mentioned the other sensitivities that are very important. We’re also forecasting our economic growth, our GDP growth, our population growth, and those things can be just as impactful if you get those wrong. We were out on population growth by almost a per cent when we hit 4.4, and you saw what that did to the budgets in those years for those volume-driven costs. You have to spend a lot of time to get your best forecast in place.

Iran: I’m sure everybody’s watching the news every night and trying to keep up with the changes. You know, it’s becoming a global energy crisis or potentially reshaping. I think the markets are always trying to forecast for what they understand to be true, or they’re looking closely at what the narratives are out there for what the duration could potentially be. They’re pricing in risk for things that they don’t know yet, that there isn’t certainty, and then as the risk leaves, then it goes back to more of a supply-and-demand story. When we built Budget 2026, the broadly accepted narrative was that there was a supply glut for ’26 for oil. We saw a broad range of industry forecasts even in the early part of the year, the high 40s, low 50s. Some of the more bullish forecasters were maybe in that \$68 range. Usually it’s much tighter, so it was even more challenging, I’d say, in this year.

As far as what happens now, you know, I think they’re all asking the Strait of Hormuz specifically how long that flow challenge will be there. There’s a flow impact of roughly 15 million barrels a day. There’s production shut in, some estimate as high as 9 million barrels. But then you also have the strategic release announcements that are going to kind of leak into the system over the next four to five weeks. I think everyone is wondering how long this will last, and the quicker that the markets can remove that risk, then it’ll quickly go back to more of a clean supply-and-demand calculation.

As for what we do, we’ll obviously monitor it very closely. Our chief economist will work with her peers and colleagues, you know, across the country and the world to try to get the best understanding we have. Then as we move into our annual report and our quarterly report, we’ll be able to update the province on how we see the world has changed in that time if it has and give more accurate updates about what the next 12 months, nine months, six months will mean. But, yeah, when you build a budget, it’s your best estimation at that point in time, and things can certainly change quickly.

Mr. Rowswell: Yep. Well, and one of the things that happens is, of course, the price of gas for our cars goes up, and we do have a system under which, if the price of oil goes up, the percentage of

our royalty goes up the higher the price is. So we’ve adopted a plan that starts, I think, at \$80, and then there’s a way to get rebates coming back or get excise tax taken off at the gas pump. Of course, we’re well above the top end of that price, but maybe it’d be worth while just to explain to everybody our process and the equations that we go through to calculate how that works.

Mr. Horner: Yeah. I appreciate the questions. Yeah, we legislated the relief program. We thought the rationale was that sound. When oil is that high, you know fuel is going to be rapidly increasing, and our take on royalties is much greater. So I think the rationale around the policy is very sound for government and for Albertans that are paying at the pumps.

4:20

We have a 13-cent fuel tax. I guess we’re not the lowest in the country. I believe Manitoba is 12 and a half per cent. We would be the second lowest. The way the program works, as you laid out, is the average price for the monitoring period in that quarter: if it exceeds \$80 and gets in that \$80 to \$85 range, a portion comes off; if it exceeds \$85 to \$90, another portion comes off; and if it exceeds \$90, the whole tax comes off. The monitoring period is the 20 trading days kind of in the middle of the quarter. The way the taxes are remitted from the retailers is quarterly. They need about two weeks to implement within their systems the tax change, so we monitor up to, say, the 15th or 16th of the last month of the quarter to give them time to make the change if that’s the case.

This last quarter of the monitoring period just ended, and oil averaged a little over \$75 a barrel, so it didn’t meet the threshold, but the beauty of this system is that as we enter the next quarter, there would be a monitoring period for the 20 trading business days in the middle of the quarter, so in May, June. It’ll be monitored, and if it exceeds any of those thresholds, the appropriate amount of tax would come off at July 1. That’s why the timing works on the quarters. That’s why they need time to implement the change. I’ve been quite clear. I think the policy is so sound that I have no intention of amending it. I think it’s a great policy to just stay and exist in the province going forward. I know people – like, you see oil go to \$120 and they’re like, “Oh, my gosh; take it off now,” but I think this is sound.

Mr. Rowswell: When you take it off, do you take it off for the whole quarter? Like, if it hits that number in May, June, then the next three months it’s off, regardless of what the price is. Is that right?

Mr. Horner: Yeah. Between \$85 and \$90 four and a half cents a litre come off. Between \$80 and \$85 nine cents a litre come off. Above \$90 it all comes off, but if the threshold is met at the start of that quarter, it would be off for the entire next quarter, the next three months.

Mr. Rowswell: All right. Well, that’s just a fair way of going about things because, you know, everyone has to prepare. You can’t take it on Monday and take it off the next day. That’s why you have to have a system, so I appreciate the work that you’re doing on that.

Mr. Horner: I would just say that I haven’t seen the update for the forecast to take from the fuel tax, but it’s around \$1.2 billion.

Mr. Epp: One point five.

Mr. Horner: One point five this year.

Mr. Rowswell: So over \$100 million a month. Yeah. Okay. Great. Thank you very much.

The Chair: Excellent. Thanks for the interesting questions, members. Mr. Ellingson. Thank you.

Member Ellingson: Thank you, Chair. This is not what my question set is about, but I'll just throw out the comment, to follow up on what MLA Rowswell was talking about, that individuals feel it instantly, right? Like, it's great for the government to have some stability and measure in the middle of the quarter. People out there are now hearing the message that it's not until – you don't measure it again until the middle of May; maybe relief in July. When the prices of oil went up, the response at the pumps was instant. Like, within two days in Calgary it went from \$1.24 to \$1.59, so I think that's what people are feeling. That's the pressure that people are feeling, and that's kind of why we are all hearing it from our constituents right now and wondering: why isn't the government doing something about that? But it's not what this question set is about.

On page 30 of the fiscal plan in the economic outlook section of the plan it says, "rising bitumen output, along with maintenance and optimization . . . will boost investment in the oil sands," but, Minister, on March 5 Canadian Natural released its fourth-quarter and year-end results, and they said:

As a part of its long-term growth strategy, the Company is deferring . . . [its] defined capital for our Oil Sands Jackpine mine expansion opportunity at Albion, that was originally included in [their] 2026 capital budget. This approximately \$8.25 billion project is being deferred due to the lack of finalization of government regulatory policies as it relates to carbon pricing.

In climate policy as in the electricity market, as we discussed earlier, what we've seen under this government are the policies that generate an environment of uncertainty and that just days after signing the MOU with Canada, this government amended the TIER framework by passing an order in council that opened new channels for TIER compliance, putting downward pressure on the price of those credits, and, perhaps even more importantly, casting immediate doubt on the sincere commitment to that MOU.

Minister, it explicitly stated in the MOU that the TIER system will ramp up to a minimum effective credit price of \$130 a tonne. Currently that price is closer to \$30 a tonne. It's far from clear that the federal government will regard a TIER framework without reforms that bring about significant market tightening as equivalent to its own framework.

In the meantime we want to note that the revenue on page 55 of the fiscal plan foresees a \$105 million reduction in TIER fund compliance payments based on the assumption that regulated facilities will minimize costs by using credits to meet their obligations. What will the minister do to reassure those large emitters, those sectors that currently generate a substantial portion of his tax and royalty revenues, that the opportunity in industrial carbon pricing that the federal government offered last year won't be wasted and that there will be a plan ahead free of threat of federal backstop imposition?

Mr. Horner: Without getting into the details of this policy – I definitely should leave that for the energy minister and the environment minister, who have been, you know, working behind the scenes with their federal colleagues – I think that the federal government also is grappling with: what's the best way to go about this to incentivize the right things that are important to them that also gets some of these projects completed and done?

There's definitely an urgent desire, I'd say, from the federal government to move on national projects of great interest when it comes to finding new markets, creating egress, and I think there's a bit of an understanding that even before this energy crisis that

we're seeing now, the shift in geopolitical landscape, new partnerships, new alliances across the globe provide a great opportunity for the country, for Alberta to meet our challenges economically but also be an answer to a lot of the questions and woes of the globe.

I think we're working closely with the feds. A lot of this policy is very complicated. We do have somewhat different systems across the country. Quebec has more of a cap and trade system. The feds and the MOU: I think we're showing an agreement to work towards landing in the right place, but that has to involve the companies as well. I think that this uncertainty that you speak of: the companies definitely want, you know, major involvement from both levels of government to ensure that some of these projects can happen, and I think that we're in the process right now of trying to find what that sweet spot is.

Member Ellingson: Through the chair, I do appreciate, Minister, that it is, obviously, a complex set of conversations with the federal government and with companies. I guess I'll just ask again, appreciating that maybe it's just a deferral to the energy minister: with that MOU, is there any feeling that maybe that order in council kind of is contrary to the MOU and undermines the MOU and makes those conversations with the feds more challenging as we try to move forward?

Mr. Horner: That hasn't been the information that I've received. I think that the feds were aware of the changes that we're making, but I should defer that question to the energy minister. No one wants to be at crosspurposes here. The carbon credit market is complicated as well, and it's changing globally as well, but we want to ensure that these projects can happen. I don't know if either level of government or the industry will be, you know, comfortable with where it lands. It's, obviously, a lot of expense, and it's something that competitively our neighbours to the south certainly aren't doing, so we have to do it in a way that attacks the emission abatement curve at a reasonable number. It's going to be different than cap and trade, planting trees in a different jurisdiction and trading your emissions off it. This is physical abatement of carbon to make the oil sands net emission free.

4:30

Mr. Ellingson: Yeah. I appreciate that, Minister. Like, through the chair, you've certainly mentioned a couple of times about, you know, there are some things we don't want to chase. The United States, I think we all know, was perfectly willing to put trillions of dollars of incentives to get the activity that they're looking for.

Still, going back to TIER and talking about TIER a little bit, on a productivity standpoint TIER also is designed to, you know, encourage operational efficiencies, incorporating technology and innovation to move along that curve for carbon abatement, but also in moving along that curve for carbon abatement, it's about improving those operational efficiencies and just getting better at what it is that is being done and raising productivity. Does the minister see kind of – like, are we now losing that ability to encourage productivity? I was at the Productivity Summit that you sponsored with the School of Public Policy. Is this counter to what we're trying to achieve from a productivity perspective?

Mr. Horner: Well, I don't think so in any way. Like, that was an important aspect of TIER, encouraging that research and development in all the spaces that you mentioned. Whether it's methane or carbon capture, we do have some first-in-class, world-class research and technologies that have come out of that, so you do want to encourage the right thing. When it comes to productivity, I think the much larger play for economic productivity is to ensure

that these nation-building projects can get across the line. Like I said this morning, the completion of TMX, you know, increasing the GDP for the nation of Canada by close to a per cent is fascinating and mind boggling that it could have that much impact for the entire country.

I think there are kind of two things, I guess, that we're chasing here. We want to do the right thing when it comes to the environment and continue to incentivize those appropriate technologies, but we need to get more clean Alberta energy, you know, in the pipe and shipped around the world.

Member Ellingson: With that, through the chair, I guess we'll just – in closing, I want to come back to productivity in a later set, but I do fear that TIER has been critical in developing those new technologies and giving Alberta the ability to create companies and technologies that can then also be exported around the world, and I worry that we're cutting off those opportunities in the changes that we're making with TIER. Maybe that's another conversation later.

The Chair: Excellent. Thank you very much, Member and Minister, for that back and forth.

MLA Yao, I believe you have the next block of questions.

Mr. Yao: Thank you so much, Chair. I appreciate that. I would like to ask you some questions on the commercial operations of the province. I see that there's a net income from commercial operations that's listed on page 256 of government estimates in the statement of operations revenue section, and the amount is expected to grow substantially, from \$300 million in the last budget to an estimated \$444 million. I find that absolutely fantastic, that there are some government branches somewhere that can actually create revenue.

But I know it's not a government institution in Fort McMurray, as an example. We have – it's called the discovery centre, which is one of our museums, which I assume is perhaps one of the ways that the province can create some revenues, but this thing was so poorly managed by the bureaucrats that were running it, who even though they had a mandate to keep this exhibit updated, even the oil companies, all the big oil companies, pulled their support for this discovery centre up in Fort McMurray because it was so irrelevant to how we do oil operations today. Like, it's absolutely mind boggling how this beautiful facility has just deteriorated to the point where it's barely used at all. Oil companies don't even send people there to learn about our oil sands, which is a huge, you know – something that really benefits all of us in the province. In typical fashion, the fellow got a promotion. He's running a museum somewhere else in the province now after over a decade up in Fort McMurray. Meanwhile that museum is in a precarious situation right now. Like I said, it's being poorly used, number of visitations is way down, and I know it's costing the government more to run this particular facility, unfortunately, than to cover its expenses. It's in a perpetual state of dependency on our provincial government, and now I fear for its future.

That said, to the minister through the chair: can you explain what is included in the net income from commercial operations category? What can we do to ensure that that remains high and, if possible, continues to grow? Are these funds usually put into general revenues, or do they go back into whatever branch created that revenue and are reinvested? I guess I'm just hoping that you can explain a little bit more about the commercial operations that the province of Alberta participates in.

Mr. Horner: Thank you for the question. Under the net income for commercial operations category we have what we call GBE, or government business enterprises, which is a separate legal entity

that operates like a business selling goods and services to the public for profit on behalf of government. GBEs would include both ATB Financial and the Credit Union Deposit Guarantee Corp. As you know, ATB Financial is an Alberta-based financial services provider engaged in retail and commercial banking, credit card, wealth management, and investment management services. It's the fifth-largest financial institution headquartered in western Canada and is the only mid-sized full-service financial institution with a provincial focus in Canada.

ATB currently has assets of over \$100 billion. Since becoming the provincial Crown corp in '97, ATB has returned \$5.7 billion to the province, including \$612 million in fiscal year 2025 and – I'm very proud and happy of this for our ATB officials behind me – beginning in '24-25, ATB also began paying an annual dividend of \$100 million to the province. It's spread out over \$25 million a quarter. Its loan portfolio reached \$54.3 billion in 2025, representing a 6 per cent year-over-year growth supported by a strengthened net income and improved risk-adjusted profitability.

The Credit Union Deposit Guarantee Corp, or CUDGC, helps ensure Alberta's credit union system remains safe by providing risk-based regulatory oversight and deposit guarantees. CUDGC provides 100 per cent guarantee of deposits held within Alberta credit unions. They also regulate credit unions and enforce the Credit Union Act. The increase in the income over prior years is primarily due to ATB Financial's strong trajectory, driven by sustained loan growth, portfolio, and mortgage renewals.

When we have these GBEs, these government business enterprises, because of our consolidated statements even though it's their revenue that's being generated, it shows up positively on our books as we are the owner of the corporation, but it isn't seen as monies that go to the general revenue fund, with the exception of the \$100 million dividend that began in '24-25. It's a very good thing to keep an eye on, that these are, you know, accruing in a positive direction. It means that they're in good shape and doing a good job.

Mr. Yao: That is absolutely fantastic. I'm especially happy to hear that about Alberta Treasury Branches because, admittedly, I had some meetings with some of the other credit unions and they have different opinions there. I'm glad to see that ATB has a positive net flow and has continued to work for Albertans.

4:40

I'd like to pivot a little bit more towards the carbon tax consumer rebates. As we all know, the Alberta climate leadership adjustment rebate, which was discontinued at the end of '25: that was designed to off-set the impacts of the former provincial carbon pricing system, which our good friends across the way just loved. I do find it interesting that they're complaining about the high gas prices. I thought they would be quite happy that gas prices are quite high because that is the kind of thing that will push people to use bike lanes a little bit more perhaps or do other endeavours. I find it refreshing that the members across the way are actually concerned – maybe they finally got a reality check on this; that's great – that having low affordability is really detrimental to our society and our people.

Anyways, there's no longer a rebate there, so I'm kind of curious. How much money will be saved as a result of this discontinuation of this program? How are these savings reflected in the overall fiscal outlook and spending priorities for the province?

Mr. Horner: Thank you for the question. The Alberta climate leadership adjustment rebate was discontinued in 2019 following the removal of the provincial carbon levy and its replacement by

the federal carbon pricing system and associated federal rebate, but as a fairness measure residual payments related to late filings and administrative adjustments continued to be processed by the CRA through 2025. So the discontinuation, the firm line in the sand saying that this is over: it was very few that continued to trickle in, but we would estimate that the savings would be around \$1 million in '26-27. They were rapidly ending anyways, and we moved up the timeline to ensure that they ended more firmly and avoided late filings trickling in through CRA.

Mr. Yao: Fantastic. That's great.

I'm wondering, then, if you can provide any insight into any other tax credits or financial relief measures that are currently available to Albertans. Will these programs continue to support households and improve affordability for families moving forward, or are we – I'm wondering if there are any updates on any of the other programming that might be happening.

Mr. Horner: Well, the Alberta child benefit comes to mind right away. We do offer several tax credits. It would probably be time consuming to go through all of them, but I would say the child and family benefit, which I mentioned, is a tax-free benefit which provides direct financial support to low- and middle-income families with children. A family with two children can receive up to almost \$3,800 in the '26-27 benefit year. There are medical expense tax credits, tax credits for individuals with disabilities, the Alberta caregiver credit, the age credit and pension income credit to support seniors, charitable donation tax credit, which is at the highest level in Canada. There are many, too many to list.

The Chair: Excellent. Thank you so very much.

Member Eremenko, you are up.

Member Eremenko: Yeah. You bet. Thank you. Love that family and child benefit that came in under the NDP government and cut poverty rates in half. It was absolutely monumental and a good segue to my first question.

The CRA implementation of automatic tax filing is going to start in the fall of 2026, and then it'll have a full rollout come March 2027. Given that tax and revenue management is under the purview of the department – I think it's section 6 of the estimates – through the chair: can the department let us know what the expected increase in provincial benefit disbursements will be as a result of the CRA's move to automatic tax filing? Does the department have any kind of ballpark figures on the number of Albertans who would qualify for benefits but have not been filing taxes?

Mr. Horner: Lyndon, do you need some time on that one?

Mr. Epp: Only a few minutes. We'd have numbers.

Mr. Horner: We'll dig those up for you.

Member Eremenko: Sure. If they're available before we adjourn, that would be great. Otherwise, in writing, if that's possible.

Mr. Horner: You missed this morning. I'm avoiding homework for these folks, so get it out early and we'll do what we can.

Member Eremenko: Okay. I'll see what I can do.

Moving on. On page 176 of the business plan we have performance measure 1(b), which is Alberta's per capita expenditure with comparator provinces of B.C., Ontario, and Quebec. I see that the target is very kind of vague, "at or below comparator provinces" for the next three years. Do we have any sense of the forecast of what the per capita expenditure is going to

be for fiscal year 2026-2027, and can you clarify that it's operating expenses only?

Mr. Horner: Can you just reference the page you're referring to again?

Member Eremenko: Page 176 of the business plan. Performance measure 1(b) is the per capita program expenditure.

Mr. Horner: Just seeing if we have some specifics for you.

Member Eremenko: Oh, dear. More homework. Sorry, folks.

Maybe while you're looking, if I may, you can give me a little bit more information about what's actually included in that calculation. Is it operating, or does it include operating and capital? I'm asking for a breakdown, which might be additionally more challenging, but at minimum can you tell me if it includes operating and capital?

Mr. Horner: I believe this calculation is based on operating, but there is a total that includes capital as well. It may take us a while to sort through this.

Member Eremenko: Okay. Can I move on?

Mr. Horner: We'll get you this if we have it.

Member Eremenko: Okay. In that case, thank you.

On page 37 of the fiscal plan we see that the labour force is expected to grow by just 1.3 per cent in 2026 "due to a sharp drop in the growth of the working-age population." I'm curious, again, about how we actually measure that and what's included in the figure. Of course, we're expecting some significant changes to the income support programs that – well, 80,000 individuals in Alberta are currently receiving AISH, which is assured income for the severely handicapped. I unfortunately don't actually have a number for the number of Albertans that are receiving income supports, whether it be in the barriers to full employment or in the expected to work category.

Are Albertans on income supports, especially those who are on income support, expected to work? Who will be moving over into that ADAP program: are they counted in the unemployment rate because they should be, through the chair, actively seeking employment and so theoretically are included in the labour force? Will we see a significant uptick to the labour force participation in terms of people who are working or seeking employment as a result of the changes in the income support programs?

Mr. Horner: We may have to get that for you as well when it comes to what's in that number. I would expect that it is not in that number, but we will get you that. Yeah. It's difficult to forecast the things, those changes that haven't happened yet. But if it is, we'll tell you what it contains.

Member Eremenko: Well, of course, that is forecasting by definition, through the chair. You know, it is trying to take as best a guess as we can in terms of knowing the policy changes that are coming down the pipe and trying to predict what is going to be happening in the next fiscal.

Mr. Horner: And these guys do a great job of it. It's complicated.

Member Eremenko: Absolutely. Absolutely.

Through the chair, can the department tell us about what kind of collaboration, what kind of work was done with the Minister of Assisted Living and Social Services in the development of the programs that are going to be introduced in fiscal year 2026 and the

associated labour market projections? I would expect that, you know, it's going to be impacting 100,000 people or more in our province. When we are looking at employment growth, when we are looking at labour force participation growth, employment and unemployment rates, what was the level of work that this department did with the appropriate ministries to inform the development of the program?

Mr. Horner: The individual ministries will start by doing a lot of that work within their departments. They'll reach out to our team to understand, you know, our concerns, our forecast, our expectation when it comes to labour market, population growth, migration, and then we try to analyze overall impact.

4:50

We try to be a line of a sober second thought, to give that overarching economic analysis to things they may be looking at tweaking, see if there are complicated implications that they may not be thinking of that will impact a specific section of the population or have other economic impacts to the province or drive up expense costs in other ministries. You know, you can't do something here and create a pressure over here without us wanting to ensure that we understand what will happen, so we do that work consistently.

Most families already filing taxes: ACFB increase of \$2 million per year based on federal estimates.

Member Eremenko: Sorry. Through the chair, can the department clarify: those are the families that are currently filing, or that will be the new cost of people being brought in as a result of the auto?

Mr. Horner: New costs.

Member Eremenko: Two million. Okay. And that's just under the family and child benefit? You had just begun to list the many other provincial tax benefits that we provide. Is there any sense of what the cost of those is going to be as a result of automatic tax filing? Minimal?

Mr. Horner: Minimal.

Do you want to comment, Lyndon? Go ahead, if you'd like.

Mr. Epp: Sure. The increase to the ACFB is, I would say, about a half a per cent based on this. These are federal estimates that have been provided to us, so we're using that to base it on. We expect that the increase in cost for the other credits would be similar. You know, in general most people who are accessing those credits are already filing their taxes.

Member Eremenko: Yeah. I mean, the purpose of my question here, of course, is that when – you know, thankfully, we don't have the low income rate that the rest of Canada currently has, but increasingly, with concerns around affordability and the cost of living, that precarity, that household financial precarity is incredibly high, and benefits really can be a deal breaker when it comes to people actually being able to put food on the table. I would expect that as a result of the federal changes in Budget 2025 to automatic tax filing that there would be some financial implications. Sounds like it's not significant when we're talking, certainly, about the numbers that we are, but I certainly hope that Albertans know that the automatic tax filing could in fact generate a bit more income for a household where every dollar really needs to be stretched right now.

I thank the department for that information, and then if they can provide the information previously requested around the per capita expenditure rates.

I'd like to move on in that case, in the 45 seconds I've got left here, to focus on far greater population growth amongst Indigenous populations than there is for the average forecasted population growth. For 2026, of course, we're looking at a population growth rate of 1.1 per cent, significantly lower than what it was in the previous couple of years, but the Indigenous population growth rate has been in the double digits for the last several years. Very quickly, has the department provided data specifically on Indigenous rates of population growth and specific economic interventions that can support a very young and booming population?

Mr. Horner: I'm sure that the demographics team has looked at that.

Lyndon, do you have any comment on that?

The Chair: I hesitate to interrupt, but I do need to switch blocks. Potentially we could come back to your question next block.

Moving over to the government side. MLA Rowswell, I believe you are up for questions.

Mr. Rowswell: Thank you very much. I'm going to refer to page 256 under the statement of operations so you can access that paperwork. Under the revenue section specifically we talked about royalties and all that type of stuff, but we do have other sources of revenue. It is shown that revenue from both corporate and personal income tax is expected to continue to rise this coming year, so to the minister through the chair: what existing government policies do you believe will be primarily responsible for this expected growth in this and future years?

Mr. Horner: Well, as I'd mentioned previously, we did see this massive increase in population growth over the last few years. Especially on personal income tax, it takes time to come, find a job, get tethered to the system, and actually see it show up in our revenues. We're always lagging that somewhat, but we are increasing, you know, the breadth of our base. We are seeing corporate growth. Obviously, an influx of people will drive personal income tax, but it does lag and take some time. A growing province that's still attracting investment and gaining people, even though population growth is going to slow down substantially for the next couple of years: it is still growth. We will still see it in our personal income tax lines and in the corporate income tax lines, but it's always kind of lagging.

Mr. Rowswell: And the fact, I guess, that we're looking at this as ongoing, or we're continuing to expect it to grow. What factors are driving the growth, and what does it say about our economic outlook in normal circumstances?

Mr. Horner: Yeah. I think what has been interesting, and I've referenced this, is that this population surge was different. You know, it was people choosing Alberta for opportunity. We were still creating more jobs and opportunity than anywhere else in the country. We do have those broad advantages, lower cost of living and, importantly, lower cost of housing. That was evident that that was driving a lot of this. Still creating the most jobs and leaning on those broad-based economic advantages around taxation and cost of living, so I expect that that will continue.

You know, we sometimes get lost in the challenges facing Alberta because this is where we live, these are the people we answer to, these are the stories we hear, but the challenges across this country are far greater. I do believe that we still look like a beacon for many that want to choose to make Alberta their home. We're still a great place to start a business, take risk, deploy capital,

hire folks. I think that broad narrative and story remains about our broad value proposition, and I expect it to continue.

Mr. Rowswell: Good.

How does the projected increase in tax revenue reflect on the government's approach to supporting – you've talked a little bit about that – business and job growth? To what extent do these revenue trends demonstrate Alberta's policies are making the province more competitive for businesses and workers?

I'll just give you a little bit of an example. My daughter went to B.C. to get her registered nurse degree. After they wrote their final exam, the class got together for a celebratory pop, and they were just talking. You know, a lot of them are from B.C. and some are from other provinces, but they're all sitting there talking: well, maybe we should look at Alberta. You get paid a little bit more, you get taxed a little bit less, and, like you mentioned in your previous answer there, you can actually buy a house. So from an affordability perspective they were quite – I'm sure most of them stayed in B.C. because that's where their families are and everything, but it did come into the thought process towards that.

If you'd just answer those questions.

Mr. Horner: Yeah. I'd say to your question about the policies of the province that we continue to reduce red tape, work with municipal partners to speed up processing around permitting and the like, trying to move at the speed of business. It's always difficult as a government, but I think those efforts have been substantial. I think we've cut 34 per cent of government red tape since 2019, and we continue to look for places that aren't just about cutting regs but are about, you know, making an impact for the business community.

I spoke lots about our broad tax advantage, by far the largest in this country. Even combined with the federal taxes paid here, we're still lower than the combined federal and state taxes in 43 U.S. jurisdictions, so it's not just about competing within Canada but also in North America. Our economic growth is expected to slow – we talked about that this morning – to 1.8 per cent. That's still leading the country, so it seems a little subdued maybe, but we are still punching above our weight. You know, we talked about the job-creation numbers. If it wasn't for Alberta, the country would have been in a negative job-creation position over the last year.

5:00

So focus on what we can control. Make it easier for businesses to set up and operate. Our tax value proposition is well known. As challenging as it is here on the affordability side for many, we're still doing far better than everywhere else, which is kind of sad, too.

Mr. Rowswell: Yeah. With those rising revenues there are opportunities to invest in more infrastructure and health care and other priorities that we might have, but that's a double-edged sword because there's a greater requirement for infrastructure and that type of thing. That's a bit of a balancing act, you know. You have to look after the people and the things that they need, so maybe you can comment on that a little bit.

Mr. Horner: Yeah. You know, back to the theme of this budget, focus on what matters: we saw countless very defensible initiatives that were brought forward for consideration, and a lot of them have strong rationale and are very defensible, would be nice things to do, but really having to focus on those core fundamental needs of society, we've made a choice to do whatever we could on the schools front. You know, government infrastructure costs are up at least 30 per cent over the last four and five years. When it comes to building something like a school, they do take time. You can

complete a more simple elementary school in four years if everything goes right, but a more complicated high school, you know, may take six. Those things you're always somewhat chasing as well.

We've tried to fill the gaps with a large investment in modular classrooms to try to deal, you know, with the here and now while the schools are being completed. I think there's \$600 million in this budget for modulators alone over three years, but you have to be careful there, too, because there aren't a lot of companies that are building these that are standard, so you can't overshoot that market either. You kind of have to move at their ability to create these things, so a lot has to go into it. With this budget I've talked about the operational expense increases in health and education, but the capital plan is dominated by those things that we believe are most important to Albertans. It takes a little while to build things.

Mr. Rowswell: Yeah, and I can relate to that. I know that when I first got elected in '19 there was a new school just being finished in Irma. It was a K to 12 school, and it was about \$17 million. A new school in Wainwright is being built right now for a kindergarten, K to 6; it's \$35 million. The cost of construction and all these things: that's out of your control, you know, but you have to build enough schools to meet the demand for the number of students. Those numbers can add up in a huge hurry.

Mr. Horner: Yeah, you need to make sure your processes control everything that they can. You want standardization of design. You want to always be moving towards more cost-effective builds, but, yeah, it takes some time, so you do have to watch those population numbers.

The Chair: Excellent.

What I would like to do is I would like to take a five-minute break first, and then we will come back to Member Eremenko afterwards. We'll put five minutes on the clock, grab a quick break, and then be back here to finish up this meeting.

[The committee adjourned from 5:05 p.m. to 5:10 p.m.]

The Chair: Well, I will welcome everyone back to the meeting. I look forward to continuing on here for the next 80 minutes or so. We were just about to jump into a portion with Member Eremenko.

Member, go ahead. You got 10 minutes on the clock.

Member Eremenko: Thank you, Mr. Chair. I'd like to . . .

Mr. Horner: Do you mind if I just jump in at the start here quickly?

Member Eremenko: Yeah. Please.

Mr. Horner: We do have the methodology. We might have to find that again. I'll find you that, but the methodology on the per capita expenditure with comparative provinces was determined as the total government expenditure but excluding debt-servicing costs, divided by the total population. The population data for Alberta and other provinces came from Statistics Canada, and the results are reported by fiscal year, so it's a high-level indicator of overall costs.

If you would indulge me, Lyndon, do you want to comment on the question around the population data, especially for the Indigenous population?

Mr. Epp: Yes. I can offer a little bit of information on what we do regarding forecasting the Indigenous population growth. We don't actually get down to that level of detail. We do have information on actuals from the previous census that was provided. In that census Indigenous population growth in Canada was 8 per cent over the

census period. That's 2021 to 2016. In Alberta it was 10 per cent. Just for comparative purposes, non-Indigenous population growth in Alberta was 4.7 per cent over that same period.

Member Eremenko: Oh, right. Last fiscal year?

Mr. Epp: From 2021 to 2016.

Member Eremenko: Okay. Thank you very much.

On that note, then, when it comes to the department's role to provide that sober second thought, any considerations around rural economic development, Transportation and Economic Corridors, Indigenous Relations, Agriculture and Irrigation, health care, social services, given that the Indigenous population is growing at such a higher rate than the regular? I mean, perhaps that's something that the department doesn't contribute to.

Mr. Horner: Do you want to comment, Lyndon?

Well, I guess it may be limited through that lens when we're using StatsCan data and looking backwards, but we do try to use every tool that we have to ensure that we're mitigating policy decisions that have other implications. If there's a way that we could differentiate that data that may provide value for us, I'll take it up with the team offline.

Member Eremenko: Okay. Thank you.

I guess I'd like to continue to pursue this idea, again, that Treasury Board and Finance, through the chair, is providing the real brass tacks information that should be informing ministries when it comes to making policy decisions. I'm really concerned about our current labour market, the people who are seeking employment, the unemployment rate. I mean, all of these indicators are telling us a story about what the current labour market in Alberta is looking like, and it is one that is in significant flux.

We have temporary foreign workers that are going to be leaving the province in significant numbers. We have a new program coming online that is going to significantly increase the number of people who are looking for part-time work, particularly work with accommodations. We have a really sticky unemployment rate. We have a much higher youth unemployment rate for people under the age of 24, and again I would suggest that we should be looking at the unemployment rate for youth 29 and under. It is a workforce that I think has demonstrated in the last handful of years that it's really unstable, but there are big policy and programmatic changes that are coming down the pipe that are going to have big impacts.

I would certainly hope that when it comes to the establishment of the new ADAP program, for example, and changes to the income supports for people expected to work, this department has contributed to some of the considerations that are informing those changes, in which case, what are those considerations that have been prompted by the department?

Mr. Horner: I might ask my deputy minister to comment on this. Can you take her through the process?

Mr. Hedley: You bet. Thank you, Minister.

Thank you, Member, through the chair. In terms of the work at Treasury Board and Finance, absolutely, our team works with providing the data and does a lot of the, you know, demographics and shares out in terms of those demographic and economic forecasts and working with the various ministries in terms of looking at their data. When they're doing their modelling, we'll work with them and look at it and provide feedback and work with them on the data modelling in terms of what the resulting impacts are in the policy considerations that they're developing in terms of

giving advice to Treasury Board as proposals and policy proposals are brought forward in terms of the implications and how they're addressing those proposals.

Member Eremenko: Thank you.

Through the chair, can that modelling be made public? Is that available for public consumption to better understand what the forecasted implications are of policy decisions?

Mr. Horner: You're speaking to the advice we give ministries?

Member Eremenko: Yeah.

Mr. Horner: I think, largely, that's internal because most of these things never go anywhere. We look at many things. We model. The things that do happen we try to show in budget.

Member Eremenko: Okay.

Mr. Horner: The things that never get across the line, which many do – a ministry will come forward and say: I want to do this. A lot of times it'll end up saying, "The implications may be too great for X, Y, and Z, so we'd like you to scrap the work on said policy," that kind of thing.

Member Eremenko: Okay.

Mr. Horner: But I wouldn't want to commit to making our internal advice and rationale public.

Member Eremenko: I'll move on, then. Through the chair, earlier the minister talked about how Albertans are both tax and debt averse, but then we also expect exceptional social services and capital infrastructure that keeps up and, I'd argue, even goes above and beyond. In Budget 2026 what did the department choose to – what got hit in that case with Budget 2026? Taxes, debt, exceptional social services, or capital infrastructure? Again, if Albertans like all the things but, of course, we know we can't necessarily deliver on all of those, what was at the bottom of the list for the department?

Mr. Horner: Well, I can't speak for the department, but I'd say for the process for government, obviously, a \$9.4 billion deficit, so we chose to, I guess, lean on the strength of our balance sheet as opposed to some of the potential cuts that you mentioned. We did look at revenue opportunities, I'd say, more at the margins than fixing the deficit problem, increases in fees that haven't been updated in some cases 30 years – the tourism levy increase, the vehicle rental tax, some of those things that we have the added benefit of gaining revenue from the visitor economy – and staying within, you know, our population growth plus inflation on spending while spending as much as we did in health and education, advanced education. It's, I guess, about trying to find that balance. It's not a balanced budget, but I've told people that I think if everyone's kind of equally disappointed, there's some balance in that while we're trying to direct funding and spending to those core priorities.

Member Eremenko: Well, through the chair, how does the minister rationalize what then gets deferred to future generations? When we're looking at debt servicing that is \$3.4 billion this year, larger than many of the ministerial budgets, given what is indeed a tough balance, how do we talk to our kids and our grandkids about what they're going to be saddled with given some of the choices that were made in Budget '26?

Mr. Horner: I think it's a good question. I would say that, you know, part of this process is looking at those places where we're outliers. We are outliers on the tax advantage side. We're trying to sustain that because we think it provides great economic benefit to the province.

5:20

The Chair: Excellent. Thank you so very much.
We are moving back over.

Mr. Cyr: Thank you, Minister. I would like to build on some of the former member's thoughts there on debt. When we're looking at debt-servicing costs, clearly, this is a detriment to all Albertans. It looks like we're moving from \$2.9 billion to \$3.3 billion, reflecting higher interest rates, borrowing needs, and fiscal conditions. Because these costs do not support programs or increase limited resources for priorities like health care, education, and infrastructure, could the minister please outline the main drivers of this year's increase and how government is ensuring long-term stability?

What I'm hoping is that we're looking at the impacts of a former government building massive amounts of debt that you're looking at dealing with. We're now having to sacrifice program funding, if you will, to make up for some of this large amount of debt servicing, and now we're adding a little bit to it ourselves just because we're having a hard time keeping up. Can you maybe explain debt servicing to Albertans so that we can have a better understanding of the impacts?

Mr. Horner: Sure. Well, it's our cost of funds, cost of borrowing. We issue bonds in the capital markets. It's very interesting. I think we had an issuance today, actually, of 1 and a half billion euros, or 2.3 billion CAD. I should maybe have Steve come up here and talk about that.

I would say, to your question, that, yeah, this is about balance. I think you're going to have to keep an eye on the debt-servicing cost line. That's obviously going to be very important going forward, but I think more important is our net position. You can't leave the retained earnings in the heritage fund. You know, we've made it harder to balance the budget than previous governments because we're leaving them in there. Otherwise, that would come into general revenue and impact any surplus deficit accordingly. We've made that more difficult.

If you want the heritage fund to grow, if you believe, like I do, in the \$250 billion by 2050 and see the value that will provide the province, then I think it's very important that you look at the net position. For Albertans, to try to make an analogy that would make sense, I'd say: would you cash out your RRSPs to pay off your mortgage? Most would say: "Absolutely not. That's the plan for the future. I need to manage that mortgage and the debt-servicing costs that come with it year to year." But that is the plan that has the ability to use compound interest and longer periods of time to create something that's really substantial.

Our debt servicing – I mentioned this this morning – is a little counterintuitive, but Alberta has often been treated punitively at the capital markets, and our cost of borrowing has been higher than, I would say, it should simply because we're not at the markets consistently. You have a couple of years of surplus and you don't borrow, and then you're in a deficit position and you're at the capital markets. They need liquidity in the bonds. That's very important to them.

It boggled my mind, when I first got this job, to understand that we usually traded back of Ontario, who's the most indebted subsovereign in the world, but they love their bonds. They're

consistently in the market. There's lots of liquidity. But through some of our modernization processes – planning ahead, trying to be at the markets consistently, smoothing out those debt stacks – we're trading through Ontario consistently now. I should ask Steve. We're still trading through Ontario?

Mr. Thompson: Yeah.

Mr. Horner: A couple beets?

Mr. Thompson: Yes.

Mr. Horner: Okay. Yeah. That's good.

I think ensuring that, you know, we're getting that lowest cost of funds possible is part of it, but that net debt position, I think, is so important. If Albertans are looking for context, debt level is one thing, but that net debt position we're forecasting to be at 10 and a half per cent net debt-to-GDP by the end of '26-27. The next closest province is Saskatchewan at about 13 and a half currently. The large provinces, Ontario and Quebec, are in the high 30s, low 40s, and under B.C.'s trajectory I think they're going from 20 per cent to, like, 33 per cent over the course of one budget. I think that's important to get your head around if you want the fund to grow.

We can't be in deficit forever. As the member mentioned, Albertans don't want debt, they don't want taxes, but we want great programs and great capital. Albertans are going to have to weather some deficit and some debt increase if we want to build all the schools, catch up to population, and grow the heritage fund. That's the position that we find ourselves in.

I also told the media on budget day, with no intel from the U.S. administration regarding what would happen in Iran, that sometimes these things can change quickly. You know, we put forward a \$300 million surplus two years ago that became an \$8.3 billion surplus. We do have those advantages when things can swing our way, but we do have to be very prudent in the years that don't and forecast conservatively.

Mr. Cyr: All right. Well, thank you for that. You answered the second part of my question, which was how Alberta was to keep up and maintain the lowest debt-to-GDP ratio in Canada.

Now, one of the things in my first term, again, from 2015 to 2019, was that it was like raining credit-rating downgrades. It was constant. Everybody was downgrading us. It was almost as if we were going to end up with junk bonds, if you will, coming out of Alberta. I'm glad to see that we've stabilized it, and we've actually started paying down our debt even though we're taking some debt on now. Is there a concern about credit-rating downgrades happening? How do we get in front of that NDP storm that we went through in those four years?

Mr. Horner: Well, I think the capital markets always want to understand the story for the jurisdiction that they're looking at. I think it likely baffles their mind why we don't have a sales tax. I have been asked that on capital market tours. I say: "Well, our people are proud not to have one. They're tax averse, and we're going to try to use other tools." They very much like the fiscal rules. They like that we brought them in. I'm sure there'll be some criticism about the challenges that we're having with them this year, but I'm sure they also don't want to see them repealed. They would agree that that control of your spending increases is probably the most important aspect, controlling what you can when our royalty revenue is this volatile.

As far as our credits the agencies all maybe do it a little bit differently, but I'd say that on average our current rating is in the, like, double-A stable. We will see commentary from all the rating

agencies probably this early summer, Steve? Early summer. I expect there'll be some criticism. They'll probably throw some shade, as they do, but I also think that we're very stable within the range of that rating, and they'll be cognizant of what's happening all around us as well. I believe that the rating should be stable but look forward to hearing their commentary.

They do love the heritage fund plan. They obviously understand how money and compound interest works. You know, you see other jurisdictions like Quebec, their generations fund there: they're actually borrowing money specifically for the fund, putting it in their budget to try to grow a fund to catch up to where we already are. We're just leaving the retained earnings in the fund and using what is a great head start. It's too bad that it wasn't bigger, but like I said this morning, no time like the present to give it a clear path and direction. Like I said, we'll see what the rating agencies say, but we think we're well positioned within the range of that credit.

5:30

The Chair: Excellent. Thank you so very much.

Member Ellingson, 10 minutes on the clock.

Member Ellingson: Thank you, Chair. Just to kick things off, to be clear in talking about this budget and deficits and debt, since the UCP was elected through the course of this budget, the debt of Alberta is more than doubling to end up at \$137 billion. Let's just be clear about where deficits and debt are taking us under the UCP government.

In Alberta legislation has been passed preventing the government from increasing personal income taxes, corporate income taxes. The legislation also prevents the government from introducing a provincial sales tax. In a budget year like this one and the one that we're discussing and the sizable deficit in front of us, the government appears to be increasing every other tax and fee available to us to try and make up some of that budget gap.

On page 151 of the fiscal plan this shows that approximately \$6 billion will be collected from other taxes. Over half of that is from the educational property tax. We've already discussed the educational property tax. Approximately a quarter comes from the fuel tax, which we have also talked about, that the government is, understanding the rules that are in place about providing relief for the fuel tax, again, reluctant to kind of make moves on this tax when Albertans are really feeling the pinch today. Perhaps less noticeable are the taxes on insurance, forecast to reach almost a billion dollars, or I think you said over a billion dollars earlier in the conversation. In Budget 2026 this tax is levied on auto insurance premiums.

Just as a reminder, this government lifted or elevated the premiums that are allowed to be charged to good drivers and all drivers, which, of course – that was by 7.5 per cent last year, 7.5 per cent this year – results in hundreds of dollars to many Albertans per year on their auto insurance. What they probably don't know is that a part of that is a premium that's paid back to the government of Alberta. Through the chair: does the minister feel that this is the right time to maintain that level of auto insurance tax when we're collecting it on the backs of Albertans that are already struggling to pay their insurance premiums and deciding between insuring their car and buying groceries?

Mr. Horner: You can see the circular nature that's inevitable in this conversation when you're going to criticize debt and deficit and also criticize the revenue stability that we do have and ask for why there isn't more spending here and there. This is the challenge.

On the insurance file you mentioned the good driver rate cap and the impact to Albertans. It still doesn't represent the actual cost of the system, which I think speaks to the system change that we're

undertaking. We do have one of the most expensive systems in the country. I was happy to see that in our newest data we're still beneath the premiums paid in Ontario by almost \$300, so not the highest in the country. I know that's been referenced in question period. I think the important thing is getting to the stability of the new market. We have very few revenue lines, as you can see here, and everything we do is trying to balance, you know, the dimensions of this budget, whether that be the debt and deficit with the spending, with the revenue. There's the challenge.

Member Ellingson: And those challenges are present.

We also know that this budget, through the chair, increases the tourism levy and also a levy for rental cars. According to Statistics Canada more than 80 per cent of visitors in Alberta are Albertans. It follows that a large percentage of those hotels stays and car rentals will also be Albertans. Does the minister have the data or is able to share with us: of the \$138 million collected from the tourism levy, how much of it is paid by Albertans?

Mr. Horner: Just getting clarity. If memory serves, I believe that it's about 55 per cent that we expect will come from non-Albertans. Yes, it will impact some Albertans, obviously, but it does have the added benefit of bringing revenue from that visitor economy.

We also, within the vehicle rental tax – and I'm going to answer this. I believe one of the other members this morning – I didn't get to finish the answer. One of the policy considerations is: would it just be applied to all types of rental vehicles? It is narrowed down to passenger vehicles eight seats or less because that's also what the data showed us would have less of an impact on Alberta residents that are renting U-Hauls or, you know, commercial vehicles that would impact business.

Member Ellingson: Yeah. Through the chair, I'll also note, like, in a previous life I've done a lot of travel, and I've lived overseas. I also know that other jurisdictions have differential tourism levy rates for residents and nonresidents. I know that would also impact the income that we're earning, but just to say that that's out there.

We've talked about a couple of things. We haven't even gotten yet to schedule 21, changes to fees, on page 159 of the fiscal plan. This page includes increases to 30 fees charged by the province. These include increases in fees to apprenticeship programs, residential daily charges in care homes, public land lease rates, immigration fees, land title, corporate registry fees. Minister, I'm wondering. Do you have a number for what's the total revenue from the fee increases noted on page 159?

Mr. Horner: We do have that number. We'll get it to you shortly here. Dana is looking for it. I would say that broadly when it comes to these fees – I've told all of the ministers, so has the Premier, to analyze their fees. We want to know where they are in relation to cost recovery for the service they're providing, also when they were last looked at, when they were updated . . .

Member Ellingson: And I'll say thank you for that. Like, I appreciate the cost-recovery look at it. But sometimes we're also trying to achieve other objectives, through the chair. One of our objectives is to increase the number of people working in the trades. We've actually put more money into polytechnics so that more people can be in the trades. Then at the same time we're increasing fees for people in the trades, in apprenticeship programs for certifications, registration of transport trucks. It seems a bit counterintuitive that if on the one hand we want more people in the trades but on the other hand we're charging them more to get into the trades.

Mr. Horner: Yeah. Something that needs to be considered – like I said, we are trying to look through that lens of cost recovery. We're also putting a pile of money into ensuring that those seats and spaces exist. You know, I referenced the NAIT expansion in the capital plan. So we do think that there's still tremendous value for those young people that are pursuing this and will hopefully be repaid many times over with a very successful career.

Your question on the total of the fees I believe is \$113 million for '26-27. The largest is the increase for the public land rental rates and the grazing lease rental . . .

Member Ellingson: I'm sure the minister has probably had conversations with his own constituents about the fee increases to grazing land leases, but through the chair I'm just going to keep going a little bit.

Again, in kind of like where we're increasing these fees. We know that seniors are also feeling the pressure of rising costs, and we see in here, you know, a residential daily fee increase for those in care homes. It seems like an interesting choice that we're choosing to raise some more money from elderly seniors in continuing care homes. How much are we getting just from the continuing care homes?

5:40

Mr. Horner: It'd be \$6.7 million, and that's the 2 per cent increase that would align with our escalator rate to reflect inflation.

Member Ellingson: Thank you for that.

With respect to housing affordability do we think there's any kind of impact on the fee increases to land titles and land title searches? Does that impact affordability at all?

The Chair: Excellent. Well, we'll have to circle back on that question at another block here, Member.

We're looking over here. MLA Yao, I believe, is up next for this block. Go ahead. Ten minutes on the clock.

Mr. Yao: Thank you, Chair. Thank you so much for that. I appreciate some of the questions that are coming from our good friend across the way. I'd actually like to expand a little bit on that as well as expand on some of the questions I asked you earlier about income from some of the operations that happened.

How does the government get revenue? I mean, I suppose we have a bit of taxation that comes in. We get some revenues from some of our natural resources. Can you explain to Albertans, to the general public, how exactly does Alberta raise funds? Like, I understand that even you have to play an active role in this kind of thing. It's rather all new to me, but I'm hoping that maybe your team can explain this, please.

Mr. Horner: Sure. Well, if you look at schedule 4 of the fiscal plan, revenue, page 151, it lays out pretty clearly all of the different revenue lines, the big items obviously being personal income tax, corporate income tax. Also, as we've mentioned, education property tax, fuel tax, tobacco, insurance, cannabis, tourism.

It goes through our different nonrenewable resource revenue lines, the largest being bitumen but also crude oil, natural gas, sales of Crown leases.

It goes into detail on the transfers from the federal government, whether it's the health or social transfer, infrastructure support, the agricultural programming support through our partnerships, labour market agreements.

Investment income: the endowment funds, the heritage fund, income from local authority loans.

AGLC, gaming and lottery, liquor and cannabis; ATB Financial.

Premiums, fees, and licences: postsecondary institution tuition fees; health and school board fees and charges; motor vehicle licences; crop, hail, and livestock insurance premiums; energy industry levies. It goes through it in pretty substantial detail.

Mr. Yao: Fantastic. That said, bonds, I guess, I'm kind of curious about. I'm wondering if you can explain a little bit more about bonds and how that occurs.

Mr. Horner: I'm looking at my guy there. Yeah. I might ask Stephen Thompson to come to the mic. I think this is a fascinating part of Canadian provinces, you know, how we go to the capital markets and how we borrow.

Do you want to comment, Steve?

Mr. Thompson: Hi. Steve Thompson. I'm the assistant deputy minister of treasury and risk management for Treasury Board and Finance.

When we talk about the province's borrowing program, irrespective of the fiscal balance, the province will always have to borrow money, and our borrowing requirements each year are comprised of borrowing for the fiscal plan, borrowing for the capital plan, and refinancing any maturing debt that's come due.

If you look at the current plan – it's outlined on page 140 of the fiscal plan – we're looking at averaging about \$20 billion a year in borrowing requirements over the next three years as outlined in the plan. Twenty-five per cent of that we will typically do in what we call the short-term debt market. That is debt that matures in under one year, and that is mainly to meet immediate cash requirements where we have an imbalance between revenue inflows and expenditure outflows. We are constantly in the market. We will issue debt overnight to accommodate an immediate cash requirement, or we will put it out for a couple of months to ensure that as revenues are received from, say, federal transfers, they align with large expenditures going out for health care.

In terms of the bond market question, we have a borrowing program of about \$15 billion a year for each of the next three years. It varies a little bit. You can see it peak about \$18 billion in '27-28. To raise those funds, we issue bonds. The province of Alberta will issue bonds into capital markets globally. Now, primarily we will issue bonds into the Canadian debt market. Canadian investors are very familiar with the province of Alberta. The market for all Canadian provincial debt is very liquid, and we will typically issue bonds in terms of five, 10, and 30 years. These are bullet bonds where we pay interest twice a year and we repay the principal at maturity.

But because provincial debt programs can be quite large – as the minister says, the province of Ontario is the largest subsovereign borrower on earth – we are required to go outside of Canada because as large and liquid as the Canadian debt market is, it is finite. In order to increase pricing pressure on bond investors, they need to know that we have other sources of capital, so we will issue bonds in other currencies, in other countries. Typically U.S. dollars and euros are our largest benchmark issues. The U.S. dollar to date has been our largest second currency behind Canadian dollars. We have seen a bit of a move to dedollarization for many reasons, political instability aside, and more of a focus on euros and other markets. In total the province of Alberta has issued in 10 different currencies, from South African rand through some of the Nordic currencies.

To sell those bonds, what we typically do: often with the minister along, often without, we will meet with global bond investors. Offshore those would typically be central banks who have large foreign reserve holdings. They're more interested in our U.S. dollar

and euro programs as CAD, Canadian dollars, is not really a reserve currency globally. What we do is we will take the fiscal plan with us. We will talk about Alberta. We will talk often about how the Canadian system works. You know, the fiscal autonomy that's available to provinces is quite unique globally, and it's quite fascinating to global bond investors just how autonomous a Canadian province is relative to other subsovereigns around the world. The Canadian debt market is quite unique. What we will do is basically outline what our requirements are, how we expect to repay, how the fiscal plan works, and that will set a price for our borrowing.

And by going offshore, we can often save several basis points versus our Canadian cost of borrowing, so the interest rates that we pay in Canada, if we go offshore, will be lower. Some of that is bond mechanics, some of it is unfamiliarity with the credit, but some of it is scale and size. The minister referenced earlier that today we borrowed 1.5 billion euros in the global markets, which equates to about 2.4 billion Canadian dollars. We simply couldn't raise funds of that scale in Canada on a single day, and if we did, it would be tremendously expensive.

The Chair: You've got about 15 seconds left.

Mr. Thompson: Okay. Sorry.

It's very complex. The global demand for our bonds is terribly interesting, and we do rely on global bond markets to keep our costs down in a professionally managed program with the support of a minister who completely understands our program.

Mr. Yao: Thank you so much for that. I greatly appreciate that answer. That was fantastic and very educational for Albertans everywhere, though that did flag me to a few things. I'm wondering: like, because we do approach international markets for borrowing, does the fact that we are part of a greater nation that has huge debt – and then we also mentioned that Ontario has the largest subsovereign debt in the world. Do these lending agencies penalize us for those kinds of things, or do they take that into account as, "Oh, you're all Canadian; it doesn't matter; we put you in that bucket with the rest of them," when it comes to distributing interest rates and stuff?

5:50

Mr. Horner: It's an interesting question. Like, largely Canada still has a triple-A rating. Not many do. They do need to understand our structure and how we operate as a subjurisdiction within the country. I'd say that historically we've probably been lumped into those buckets. We're trying to ensure that they understand our story, frankly, because we think it's a better one than the other provinces, to ensure we get the best deal possible. So if you're in one of these rooms and having this discussion, part of it is an education process to make sure they understand but then also, you know, sell them on our story, why we think we have a great value proposition that will encourage growth.

The Chair: Excellent. Thank you very much.

Member, it looks like you're up. You have another 10 minutes.

Member Ellingson: Thank you, Chair. We are here to talk about provincial finances, not federal finances, but Canada does have a much better credit rating than our friends to the south and a much stronger balance sheet than our friends to the south. Please give me a little bit of leeway and patience here, Chair. I am going to get to some page references. But what I'm getting to is that overall, like, things are broken up more this year than they were last year and

kind of like: how do we compare numbers between one budget and the other? That's where I'm going with this.

The government has been undertaking one of the most significant reorganizations of the health care system that the province has ever seen. These changes include the creation of new ministries, breaking apart Alberta Health Services into five separate entities, moving the responsibility to different ministries. Before this began, AHS was governed by the ministry of health, and their services included primary care, acute care, long-term care, and mental health services. The restructuring, of course, created a new Ministry of Hospital and Surgical Health Services; a newly created Crown corp., Acute Care Alberta; Recovery Alberta was also created and moved into Mental Health and Addiction. We have Assisted Living Alberta, which was then moved into the newly named Ministry of Assisted Living and Social Services. That left us with Primary Care Alberta, which is kind of the same name as Primary and Preventative Services. Now, what we also saw kind of like new in this budget is the creation of Health Shared Services, which is created to handle IT, HR procurement, and executive services across all of those agencies. But through all of this, is kind of where I'm going with this, we don't see a consolidated document that compares the costs of the previous structure to the new structure, nor has there been a consolidated statement of the costs of the reorganization in total.

I'm going to start with the newest agency of them all, the Health Shared Services. We can see, again, not a single line item for everything there. But if we look at other kind of like ministries, we also see that there's health system services and supports and information technology on page 194, information technology on page 169, support services and information technology on page 125, services provided to other ministries on page 66. What's the total amount that's going to flow through Health Shared Services, and how does that compare to what was spent on those functions when they were all together in AHS?

Mr. Horner: Total amount on Health Shared Services: \$2.311 billion. I would say that it presented differently here, but that function did live within AHS.

Member Ellingson: Do we know how much it cost when it was in AHS?

Mr. Horner: Do we have a comparison on a comparable basis year over year within health's ministry? Do you want to comment on this, Dana or Darren?

Mr. Hedley: Thank you, Minister. To the member through the chair, in terms of the amount that was paid last year or the cost of services the prior year, as the minister said, \$2.311 billion in '26-27. In '25-26 the budget for that area was \$2.2 billion, and the '25-26 forecast for those services was \$2.23 billion. That's on a comparable basis in terms of what those services cost in '25-26 as compared to what they will cost in '26-27.

Member Ellingson: Thank you for that, through the chair.

I'll just keep going with that a little bit. A lift of about a hundred million more, if we're going from \$2.2 billion to \$2.3 billion? Maybe that's just inflation. Maybe that's more like we're providing services to more people. I think there was also a reference to 10,000 FTEs in Health Shared Services. Does this also compare to the number of people engaged in delivering those services when it was AHS?

Mr. Horner: I would just share with you that this is in the entity open government.

Member Ellingson: All in open government? Like in open government we can go in and find the comparison of employees and costs and all of that?

Mr. Horner: Yeah.

Member Ellingson: Okay.

Mr. Horner: That's for this change, this entity's statement on Health Shared Services as far as the FTE question. Page 160 of the fiscal plan has 10,070, as a comparable number.

Member Ellingson: So it was about the same number of people?

Mr. Horner: Yeah.

Member Ellingson: That might answer my next question as to whether or not in doing all of that work were there any costs associated to reprofiling of job descriptions, severance packages, creation of a new executive team, board of directors, any kind of costs associated with that?

Mr. Horner: I think we'd have to send you the health estimates for that kind of detail.

Member Ellingson: Thanks for that. I think my colleagues were focused on other questions with the health estimates, and with some more of the questions that I've got here it may be more to health.

With respect to kind of like in general those costs that could be associated with creation, moving things around, I looked at some work in the private sector where McKinsey estimates that it could be 1 to 5 per cent of the revenue of a private-sector company associated with kind of like the reorganization of a company, those costs. If it were only like 1 per cent and we substituted expenses versus revenue – hopefully they're approximately the same – that would be about \$340 million overall for the cost of all of this reorganization of the health system. Do we have an overall number of, like, how much it costs to reorganize the health system?

Mr. Horner: I'd say, you know, it was an \$85 million line item over two years for the stand-up of the new entities. Once they become the new entities, then you're going to have to track that through the budget changes in the specific ministries. You also have to try and seek to find apples to apples, if they're doing the same thing or doing more, I would call it.

Member Ellingson: Further, through the chair, just to ask, like, as we're looking into the future and obviously again kind of comparing – and the budget does go out for three years – it's \$85 million for stand-up but through the conversations and the reorganization, was there an expectation that the organization was going to bring efficiencies and lower costs over time?

Mr. Horner: I think you see it with this shared services bucket like where economies of scale matter, where we don't want to see duplication in those financial, admin, HR, IT services. We want to ensure that still exists, and then the other pillars are very much specific to their function. I think the goals were to refocus on the priorities of each of the pillars and try to save economies of scale and reduce redundancies where you could.

But I think most importantly in conversations with the minister and the Premier, it's a desire to make the system work better.

6:00

Member Ellingson: Thanks for that.

The reorganization of the health system – I'll just use my last 45 seconds. We kind of asked this a little bit already. We're also

putting in \$10 million for the capital plan for the no-fault insurance plan. I know that you have another name for it. The Insurance Bureau of Canada has already stated that the new auto insurance system isn't going to reduce premiums. That is going to come into play. People are going to start renewing their premiums in January under that new system. Originally it was, like, a \$400 savings that they were expected to get. I think those were the numbers. Is the minister still standing by a \$400 savings from what those insurance premiums are today to what they'll be like when they're renewed in January?

Mr. Horner: I think your quote from the bureau is a little dated. As they've seen more information about what care first will actually look like, I think the savings are expected to be . . .

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

We're looking at the next 10-minute block. Member Rowswell, you're up.

Mr. Rowswell: Okay. Thank you very much. My original question was going to be relative to the value of our currency and the royalty revenue. You've answered that question. It's that for every cent that is below what we forecast, we get another half a billion dollars or, the other way, if the dollar goes up, we get half a billion dollars less, you know, so it's a significant thing.

Then the conversation around our bonds and the international stuff that we have to go to access: again, there's a currency risk there as well. I'm just wondering if someone can answer: how do we manage that currency risk? Like, do we hedge currencies? What is our process for managing our currency risk? It's a big deal not only for our debt and our royalties, but it's an important number to get right, so I guess two questions. One is: how do we come up with that number? And then: how do we manage surprises?

Mr. Horner: Yeah. That's an important part of the forecast as well. The sensitivities show the impact for this year at \$440 million per cent, and like you mentioned, if the dollar is coming down, that's a \$440 million improvement to the bottom line as opposed to if it's going in the other direction. We put a lot of time and effort into that forecast as well for obvious reasons.

When it comes to our bond offerings – Steve, you can yell at me if I get this wrong – generally, you know, there may be arbitrage opportunities that exist that may lead us to international markets, but generally we work it back into Canadian in that moment in time, so that risk isn't hanging over the life of the bonds. When Steve mentioned that it was 1 and a half billion euros converted back to 2.43 billion or 2.4 billion CAD, that transaction happens up front.

Mr. Rowswell: Oh, so that's the – so if you go to European investors and they give, "Okay; well, we're going to buy euro bonds," it gets converted to Canadian right at that moment, so it wouldn't have ongoing risk.

Mr. Horner: Correct.

Mr. Rowswell: I guess the risk would be when we pay it back and what's happened in the interim.

Mr. Horner: The risk is still in what happens to our dollar over time, but we convert it back to Canada up front.

Mr. Rowswell: Yeah. Exactly. Okay. Good. Boy, that's a tough one, eh? When we do the analysis, like, what sources do you use to try to come up with that number since it's so important?

Mr. Horner: In this forecast?

Mr. Rowswell: Yeah.

Mr. Horner: So, like, the 73 cents for this year?

Mr. Rowswell: Yeah. Right.

Mr. Horner: Once again, we lean on, you know, the forecast of our chief economist and on our economic division. Largely, I'd say that they have a great track record, in a lot of cases a stronger track record than industry, especially on things like GDP growth, population. One thing that's clear is that when the banks are forecasting, they largely forecast for the country, and then they work backwards and try to fit every province into a story that makes sense for their broader forecast. They don't have, obviously, boots on the ground. They're not hearing or understanding things as quickly as we're seeing them in real time.

For example, they were very interested in our housing market projections. They definitely undershot the actuals. We were much closer to landing where housing starts would be. They believe now that our housing starts will continue to be stronger than we predict, so they're wondering what's, you know, coming into our analysis there. There's always that back and forth where they're testing each other's assumptions, trying to understand the broader context for the country and within the provinces, but we need to rely on our team. They have a great track record.

Mr. Rowswell: Yeah. And, you know, a lot of times our dollar is connected to the price of oil, so if oil goes up like crazy . . .

Mr. Horner: Less than it used to be.

Mr. Rowswell: Oh, is that right? Okay.

Mr. Horner: We're not quite the petrodollar we used to be.

Mr. Rowswell: Oh, well, that's a good thing, then.

Mr. Horner: Other interesting things around the American dollar, I'd say, more than us.

Mr. Rowswell: Good. Okay. Well, that's good. That wasn't even a question when I came in. Just based on the conversation that we had, I thought I'd ask.

Mr. Horner: I should just ask Steve. Did I say anything untrue there? Is there anything you want to correct?

Mr. Thompson: No, you made it to 100 per cent on that.

Mr. Rowswell: Well done.

Member Ellingson: Triple-A rating.

Mr. Rowswell: Triple-A rating.

Mr. Horner: Fact-check me at any time.

Mr. Rowswell: Okay. Well, I'll go on to page 106 of the fiscal plan. Budget 2026 allocates approximately \$785 million for postsecondary infrastructure projects across the province. These investments are essentially for ensuring that Alberta's colleges and universities have the facilities needed to provide high-quality education, support applied research, and train the skilled workforce required for the province's future economic growth. While many postsecondary institutions are located in larger urban centres, colleges and campuses in rural Alberta also play a vital role in providing accessible education and workforce training for students outside of major cities.

To the minister through the chair: given the urban concentration of many postsecondary institutions, could you explain whether rural postsecondary institutions will also benefit from these infrastructure investments? Specifically, will Lakeland College, which serves students in my constituency of Vermilion-Lloydminster-Wainwright, receive any portion of the funding, and if so, what types of facility upgrades and expansions or improvements might this funding support?

Mr. Horner: It's a great question. I'm sure that you're aware of this by now, that in Budget 2026 we've added funding of \$7.3 million for Lakeland College in the riding you represent to upgrade the beef yard and relocate some horse facilities to enhance operational and student capacity. The investment will support growing demand in the veterinary field in the region.

I would just say that when it comes to postsecondary infrastructure, what I've learned in my short time in this job is that, you know, every postsecondary institution has a plan for their future and a capital project that they're very excited about, and you certainly can't do them all at once. You do want to ensure that you have some regional equity, but you're also looking at that value proposition. Sometimes they can have a lot of privately funded dollars on the table, which I think is a metric that we always need to look at. I think it shows a lot of commitment from the people in those communities that care about the direction those postsecondaries are headed, but also we want to prioritize those fields that we think are a challenge in the Alberta context currently. I think that they've all done fairly well, but we're trying to ensure that we're aligned in where they're going.

I brought up the NAIT skilled trade centre investment a few times. That's obviously a priority for government, to ensure we have those skilled trade spaces for the future and then working with the postsecondaries to ensure that they understand that, you know, just because we couldn't do it now, the capital plan is full with those postsecondaries. Continue to work on your projects, continue to ensure that they're creating seats that we need for the future, and down the road it can be something that we can consider. We try to deal with all of those complications and ensure that we're going in the right direction.

6:10

Mr. Rowswell: Yeah. I know. I work quite closely with Lakeland College, and they're well organized. Like, they have all their projects costed out, and they've actually stretched – they've got a lot of things they want to do. They stretched over a number of years, and this is the first instalment. When the next one comes, who knows? But, I mean, they know how to spend money efficiently and get good value for the dollar. And the beef thing is a great – like, beef research is based out of there, and where our cow-calf game is right now, it's just a tremendous business to be in, so we need all the help we can get on that. That was greatly appreciated, and they're over the moon there, for sure. So thank you very much.

I'll let it ride, then. I'll pass it over to you guys.

The Chair: Excellent. Looks like we're going to start our next 10-minute block. Member, you're up.

Member Ellingson: Thank you, Chair. Again, not my question set, but a year ago I think I was at the Global Energy Show, and Lakeland College was there in the exhibition. I had a conversation with a couple of the department heads there, and it was an interesting conversation about how they maybe have some underutilized capacity in some of their programs. We talked about how they're a little bit underutilized and in the cities they're, like, wildly oversubscribed, and are there ways for us to kind of balance that across the province, knowing that there are a lot of students that

can't get into the programs that they want to get into? But that's a conversation for another estimates maybe, because I have nine minutes and 23 seconds left in this set.

I'm going to go to page 200 of the government estimates and note that the policing support grant there has declined. I'm going to use that to bring up – the minister earlier said that there's only one ratepayer in the province. Looking at a report, the 2026 Police Funding Model: Quick Guide, released by the Rural Municipalities of Alberta, shows that the police funding model came into effect in April of 2020. Prior to this time rural municipalities were not contributing to the costs of policing. Beginning in 2020 they began those contributions, that started at 10 per cent of 2019 baseline costs, escalating to 30 per cent of 2019 baseline costs in 2024. We're now moving to looking at the baseline of the previous year and moving from 22 per cent of the previous baseline in 2026 to 30 per cent by 2031.

These costs are significant for smaller municipalities across Alberta. In fact, we got some information from the town of Claresholm that they've gone from paying nothing in 2019 to \$234,000 today to \$654,000 by 2030, causing that town to seriously consider either service cuts or increasing their own property taxes to try and make up for those costs. Will the minister give some consideration to – this is not reducing costs to Albertans; Albertans are still paying. Instead of paying the province, they're paying their town, so we're no better off financially in making this decision. Why are we downloading those costs to municipalities, where it may be a lot more difficult for them to accommodate those rising costs than it is for the province?

Mr. Horner: Yeah. Well, without, like, getting into this minister's challenges too specifically, I'd say that what he's seen is – I think the RCMP costs have increased something like 57 per cent. We know that there are gaps to fill, especially in rural Alberta. Obviously, the large metros and some of our other cities have their own police force. But the amount that the province is subsidizing, filling that gap, I believe is to the tune of \$300 million over the next five years. I don't have that just in front of me. Definitely trying to cost share that burden with municipalities. Definitely heard the cry for needing more boots on the ground. A lot of rural crime concerns, especially during COVID and post-COVID, are still a challenge. I do hear about it a little less. I think it's just balancing that, what the actual cost of the service is and how it's applied to the people of Alberta. But it's our expectation that Albertans want more boots on the ground. This is a partnership with municipalities that's subsidized in no small way by the province.

Member Ellingson: Through the chair, it does feel like there is a bit of a tipping of the balance with a reduction in the amount going to municipalities. At the same time, the province is increasing the budget for the Alberta Sheriffs Police Service funding, so there is a choice and a shift of supporting municipalities and RCMP and tipping it towards the Alberta sheriffs. I guess maybe a question for public safety is whether or not between those two balancing: are we actually getting more boots on the ground, which I think is the primary focus – I'm not sure that that's clear – and kind of, like, tipping the funds between one or the other?

Recent legislation is setting the stage for qualifications and training requirements for sheriffs to take on additional duties. I guess in my mind we don't really gain any advantage from this unless we do have more officers on the ground. I'm wondering. Does the minister have any comments or knowledge as to whether or not this legislation is going to lead to more officers and whether or not the costs are – are we having to set up our own kind of, like, agencies and facilities for recruiting, training, and all of that that

will actually lead to more costs than if we were supporting municipalities in their RCMP partnership?

Mr. Horner: Well, I think part of the challenge – like I said, for a lot of the detail of this I'm going to have to send you to the minister of public safety – is that there's been a deficiency in the boots on the ground currently within the current RCMP contract for many, many reasons. I believe what the minister is trying to do is fill that gap. It may mean that training needs to increase to fill that gap in more of a made-in-Alberta way to plug these holes, but I'm quite certain that we can control our costs in this space better than the feds can. Of that, I'm totally convinced. Whether that means that we will have to look at other training opportunities, I'm sure the minister will have to deal with that.

This is our authority that's been delegated through that contract, and it's worked amazingly well for many years. Like many things, the costs are going up, and this is our responsibility to the public. If they're not able to give us the boots on the ground through that contract, we think that this is a fundamental priority of government, to fill those holes.

Member Ellingson: I think I'll leave that, through the chair to the minister. I'll just leave that, noting that recruiting for policing has been a challenge across the country. Even for those that have their own provincial policing, they also struggle to recruit, so I think there are other things that we need to look at there.

I'm going to shift to asking a question that has been asked consistently year over year, so I guess we're just looking for consistency in responses. Maybe you know where I'm going to go next. Minister, if we were going to look at our own pension plan, do we need to create our own revenue agency for that? If we do need to create our own revenue agency, what would the cost associated be to establishing our own revenue agency here in Alberta?

Mr. Horner: Oh, boy, we're going down memory lane here. I would say that the last time that I looked at this, our revenue agency would be somewhere north of a billion, a billion two. Somewhere in that range. Whether or not you would need one to set up a pension I think is questionable. You definitely would need some administrative structure. I think it would look somewhat different. But there's no work being done on that front, if that's what you're getting at.

Member Ellingson: Thank you for that. I was getting there, so thank you for pre-emptively answering. Going down memory lane, through the chair, a few years ago it was Minister Toews that had said that it was about \$500 million. It's, I guess, gone up in the last few years. But you did previously say that \$500 million sounded low, so appreciating that.

6:20

If there was an Alberta pension plan, would there be a thought to creating a new Crown corp, kind of like we created the Heritage Fund Opportunities Corp to kind of sit above AIMCo? Would there be a new Crown corp created to sit above AIMCo or to sit above a fund manager to provide guidance and direction to a provincial pension plan?

Mr. Horner: Well, I'd love to see where your planning is going, Court. No work has been done in that regard, so we'd have to consider what the best, you know, vehicle would be for that administration.

Member Ellingson: In no way was I suggesting that it was my goal to set up a provincial pension plan.

Mr. Horner: I wasn't sure.

Member Ellingson: It was more that this government has been, like, creating new Crown corps at a rate that we have really not seen before, so just kind of reinforcing that. I guess I'm just down to . . .

Mr. Horner: Well, you want one for auto insurance, though.

Member Ellingson: . . . four seconds, so thank you.

The Chair: Member Petrovic, you caught my eye a moment ago. The last few minutes are yours.

Mrs. Petrovic: Careful with those words there, Chair.

Thank you for that, Chair and Minister. After six hours of estimates I have to say that I'm not really sure if the members opposite are upset that you're not investing more or if they're upset over the deficit. I have no clear picture of this. I'm really interested to see if they're going to support our budget going forward.

That being said, let's end this on a positive note. On page 7 of the fiscal plan it notes that the theme of Budget 2026 is Focused on What Matters. The theme reflects the government's intention to prioritize investments in areas that have the greatest impact on the everyday lives of Albertans. In particular, the budget emphasizes strengthening health care, supporting education, and making strategic investments in the economy while also ensuring that Alberta remains competitive and financially responsible in the face of economic uncertainty and rapid population growth.

I know you also mentioned – we talked about sheriffs and police forces as well. From someone who lives in rural Alberta, I'm just going to put it on the record that I don't care about the colour of the stripe that shows up when I call 911. I just want someone to show up and show up in record time. Living in rural Alberta, working with these communities, and seeing sometimes the short staff that we have with our RCMP, I'm really happy to see our government is focusing on what matters again, and that is keeping Albertans safe.

Moving on by that. Your ministry is focusing on resources in some of these key areas. The government aims to ensure that public services keep pace with demand while also creating the conditions necessary for long-term prosperity and economic opportunity. My question to you, Minister, through the chair is: what does this mean? Why has the government prioritized health care, education, economic investments in this year's budget? In what ways do you expect these pillars to make the greatest difference for Albertans?

Mr. Horner: Thank you for the question. Yeah. I'd say that, you know, in years where you certainly can't afford to do everything, you have to fall back on why we're all here and what we're trying to accomplish. I think that is focusing on the fundamental priorities of government, whether that's safety, as we just discussed, which I think is paramount for the people of Alberta, but also health care and education, two places that are also very expensive to fund. We need the people to provide the services. We need the front-line people, whether it's a nurse or a teacher, a police officer. You need to compete for that labour as well, so we need to ensure that we're paying what is a competitive wage, in many cases in Alberta I'd say near top of market, in that range. When you're looking at those things, you also have to make sure that you're accounting for those broad-based advantages that we have. We have to look at after tax take-home for those folks as well, too, and cost-of-living

advantages as well. When I think of this budget, I think it is focusing on those priorities.

Affordability has been mentioned many times here today. You know, it's mentioned every day in your lives with the people you represent. It's also that balance of doing what we think we need to, doing what we can to address those areas that are of most dire need but, like I said, weathering this for Albertans, because we think that our balance sheet collectively as a province is stronger than that of many households.

That doesn't mean that we still don't have to look and work around places that were outliers. I think of the changes we made on the benefit side. Obviously, it will be very impactful for those that are impacted. It will be, but we're looking around us at all of the other jurisdictions. We're making sure that we're not outliers in any great regard in any of these places. I think the changes that we've made still make us tied, at least, with the highest in Canada. When I think of the caregiver credit consolidation, for example, we saw that that was not only done by the federal government, but it was also done by Ontario and B.C. streamlining their credits, so we're looking at things like that as well. The change to the threshold for the seniors' benefit is still the highest in the country.

We still have a lot of work to do, obviously. We didn't bring in a large new tax that was going to bring in billions of dollars, but we did try to be thoughtful where we did increase revenue. We've talked about the tourism levy changes, why we think that rationale is sound. The vehicle rental tax, the fee increases as outlined: some of these things may seem small to the folks at home considering the size of the deficit, but this is all work that needs to continue. If we're going to ensure that we have those broad advantages that we're proud of, that we think have such a great economic impact on the province, if that's the reason we're the only place that's creating jobs and creating opportunity, we need to ensure that we pursue cost recovery in many other aspects of government services in the lives of Albertans.

I know that's a tough story for Albertans to hear. I do think that, you know, we're tax averse, as I said, we're debt averse, but when it comes down to it, we do want the things that we need to raise our families, take care of our seniors, and manage this population wave.

It's interesting, too, that we've talked a lot about modelling and data: StatsCan data, census data, where we think we're going. We're still the youngest population in the country, but as the health minister has said many times, we're also kind of getting oldest the fastest. We're going to have a big change in that boomer population, where we're going from 1 in 7 seniors to 1 in 5. We need to look far enough ahead that we ensure that we have the continuing care spaces. A lot gets talked about hospital spaces, but also the continuing care spaces. Although you have to make the right decision at this moment in time for the budget, there are also things that are unavoidable that you have to plan for the future.

I'm getting told by the chair to conclude my remarks.

The Chair: Thank you very much. You were just talking for five minutes, sir.

Member Petrovic, you've got another 1:15.

Mrs. Petrovic: Perfect. Thank you. Yeah. I appreciate being part of a government that makes the most out of what we have, so appreciate everything that you're doing in your ministry.

There's one minute left to go. I'm happy to give you the last word on anything that you'd like to speak to in just a little bit more detail.

Mr. Horner: Sure. Well, I guess I'd just like to say thanks. I appreciate the time and effort from both sides. I think this was pretty

cordial. This is your time to get a better understanding of the budget, some rationale for why the numbers are what they are in the columns they're in, so I hope you feel that this was a good experience. I definitely would like to thank the Treasury Board and Finance team and all of the people behind me that put on their best green tie or blouse to come here today in the event that they would have been called to the podium to speak. I'm always blown away by the amount of work these fine folks do to ensure that the province keeps moving forward, like I said, regardless of who sits in this chair.

Thank you.

The Chair: Well, the alarm is frozen, so I don't apologize, once again, for the interruption. I must advise the committee that the time allotted for consideration of the ministry's estimates has concluded.

I would like to remind the committee members that we are scheduled to meet tomorrow morning, March 18, at 9 a.m. to consider the estimates of the Ministry of Affordability and Utilities. There is another committee meeting in here in 30 minutes, so if we can quickly go visit in the foyer instead of being in here and pack up your things.

Thank you, everyone. The meeting is adjourned.

[The committee adjourned at 6:30 p.m.]

