



Legislative Assembly of Alberta

The 27th Legislature  
Second Session

Standing Committee  
on the  
Economy

Department of Infrastructure  
Consideration of Main Estimates

Tuesday, April 21, 2009  
6:30 p.m.

Transcript No. 27-2-3

**Legislative Assembly of Alberta  
The 27th Legislature  
Second Session**

**Standing Committee on the Economy**

Campbell, Robin, West Yellowhead (PC), Chair  
Taylor, Dave, Calgary-Currie (AL), Deputy Chair  
Allred, Ken, St. Albert (PC)  
Amery, Moe, Calgary-East (PC)  
Berger, Evan, Livingstone-Macleod (PC)\*  
Bhullar, Manmeet Singh, Calgary-Montrose (PC)  
Marz, Richard, Olds-Didsbury-Three Hills (PC)  
McFarland, Barry, Little Bow (PC)  
Taft, Dr. Kevin, Edmonton-Riverview (AL)  
Weadick, Greg, Lethbridge-West (PC)  
Xiao, David H., Edmonton-McClung (PC)  
Vacant

\* substitution for Manmeet Singh Bhullar

**Also in Attendance**

MacDonald, Hugh, Edmonton-Gold Bar (AL)  
Mason, Brian, Edmonton-Highlands-Norwood (ND)

**Department of Infrastructure Participant**

Hon. Jack Hayden Minister

**Support Staff**

W.J. David McNeil	Clerk
Louise J. Kamuchik	Clerk Assistant/Director of House Services
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Erin Norton	Committee Clerk
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Tuesday, April 21, 2009

[Mr. Campbell in the chair]

**Department of Infrastructure  
Consideration of Main Estimates**

**The Chair:** Welcome to this meeting of the Standing Committee on the Economy. This evening the committee has under consideration the estimates of the Department of Infrastructure for the fiscal year ending March 31, 2010. I'd ask that members introduce themselves for the record, and I'd also ask the minister to introduce the officials that are with him here tonight. I'll start on my right.

**Mr. Taylor:** Thank you, Mr. Chairman. I'm Dave Taylor, MLA for Calgary-Currie and deputy chair of the committee.

**Mr. McFarland:** Good evening. Barry McFarland, MLA for Little Bow.

**Mr. Marz:** Richard Marz, Olds-Didsbury-Three Hills.

**Mr. Amery:** Moe Amery, Calgary-East.

**Mr. Xiao:** David Xiao, Edmonton-McClung.

**Mr. MacDonald:** Hugh MacDonald, Edmonton-Gold Bar.

**Mr. Hayden:** Thank you, Mr. Chairman. Jack Hayden, Drumheller-Stettler.

With me at the table tonight are my deputy minister, Barry Day; Winnie Yiu-Young, my senior financial officer; and Arthur Arruda, director of financial planning. Behind me are Diane Dalgleish, ADM of the capital projects division; Debra Strutt, acting ADM of our properties division; Stuart Elson, the director of communication; two others from our finance staff, Joan Brown and Christine Henry; and also my EA, Dan Hanson.

**Mr. Mason:** Brian Mason, Member for Edmonton-Highlands-Norwood.

**Mr. Berger:** Evan Berger, Livingstone-Macleod, subbing for Manmeet Bhullar.

**Mr. Weadick:** Greg Weadick, Lethbridge-West.

**Mr. Allred:** Ken Allred, St. Albert.

**The Chair:** Robin Campbell, MLA, West Yellowhead, and chair of the committee.

A note for the record that pursuant to Standing Order 56(2.1) to (2.4) Mr. Berger is substituting for Mr. Bhullar tonight.

Thank you, everyone. Before we proceed, I'd like to take a minute to briefly review the new process for consideration of the estimates. First, I'd like to remind members that the vote on the estimates will be deferred until we are in Committee of Supply and that any amendments moved during the committee consideration of the estimates will also be deferred until we are in Committee of Supply. Also, members wishing to propose amendments are reminded to consult with Parliamentary Counsel no later than 6 p.m. on the day the amendment is to be moved.

The standing orders of the Assembly governing who can speak apply during the consideration of the main estimates. Members of

the committee, the minister, and other members present may be recognized to speak. Department officials and members' staff are permitted to be present during consideration of the estimates but are not allowed to speak. Members may speak more than once; however, speaking time is limited to 10 minutes at a time. A member and the minister may combine their speaking time for a total of 20 minutes. I would remind members to advise the chair at the beginning of their speech if they wish to combine their speaking times.

This evening we have three hours to consider the estimates of the Department of Infrastructure. However, if prior to this time we should reach a point where members have exhausted their lists of questions, the department's estimates shall be deemed to have been considered for the time allotted in the schedule, and we will adjourn.

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

With that, I'll invite the Minister of Infrastructure to begin his remarks. Mr. Hayden.

**Mr. Hayden:** Thank you, Mr. Chair. As I know we're all aware, we are dealing with a different world now than at this time last year, and we're dealing with different economic realities. We must remain prudent and strategic in our spending. We need to focus clearly on our priorities. We need to ensure that public infrastructure projects meet the needs of the community; are delivered in a timely, cost-effective, and efficient manner; and ensure good value for taxpayers.

I'd like to give a bit of a budget overview. My ministry has approximately \$1.2 billion budgeted for 2009-2010, an increase of \$62 million, 6 per cent, over the 2008-09 forecast: expense and equipment/inventory purchases vote of \$585 million, capital investment vote of \$589 million.

With respect to the expense and equipment/inventory purchases vote Infrastructure is responsible for 1,800 government-owned buildings, 500 leases that total 580,000 square metres of space, and the operation of the Swan Hills Treatment Centre. The total program expense is decreasing to \$585 million in 2009-2010. It's down from a forecast level of \$848 million for the 2008-2009 time period. The decrease is primarily due to the expiry of the natural gas rebate program as of March 31, 2009.

With respect to the capital investment vote we're spending \$589 million in capital investment this fiscal year. The capital investment represents a \$325 million increase from \$264 million in 2008-2009. This increase is due in part to rescheduling some major capital projects from last year to 2009-10, and budget adjustments better reflect the actual construction timelines. But I think it's important to note that the work on all facilities is progressing very well, and we're very much on track to meet our targeted completion dates.

With respect to performance measures I'd like to speak about a couple of items. Infrastructure investment is aligned with the priorities through our core business goals and strategies and is represented in our government strategic business plan and, of course, the ministry's business plan. The achievements of these will be assessed through performance against targets identified in each performance measure so that we set challenging but attainable goals that reflect the high level of performance within the context of the resources that are being requested. To meet these targets, the ministry will continue to employ innovative approaches to ensure timely, cost-effective, and efficient delivery of public infrastructure.

We will discuss some innovative approaches and specific activities, but the priorities include continued work on the new remand centre, as an example; \$310 million is budgeted for 2009-10, with a total budget of \$620 million. This, out of interest, is the largest government-owned building project ever undertaken by the

province, and the new facility is expected to be completed in late 2011. It will provide 2,000 beds.

The redevelopment of the federal building at \$180 million budgeted for 2009-10, with a total budget of \$356 million. It includes the Centennial Plaza and a 650-stall underground parkade. Office space and conference facilities are expected also to be completed by late 2011.

The Calgary Courts Centre phase 2 has \$18 million budgeted for 2009-10, a total of a \$54 million construction contract on this project. It includes the renovation of the historic Court of Appeal Building, construction of a 700-stall underground parkade, and the development of an urban park connected to the C-Train station.

The Royal Alberta Museum is still part of the government's capital plan, with \$56 million budgeted over the next three years. We are now considering the options that are related to the museum, and we will be making a final decision that will take into account the best interests of Albertans and, of course, the museum. We've already completed a great deal of the planning and other work with respect to the renovated feature gallery and completed the exhibition master plan and, of course, very important, the preparation of collections for a move once the construction work begins.

We're committed to an aggressive plan for public infrastructure. We have lots of tools in the tool box, and we need to consider all options as we move forward. In addition to the traditional construction methods we continue to incorporate other options that include using public-private partnerships for projects such as schools, bundling groups of projects together into more cost-effective packages, using construction management techniques that allow us to move forward more quickly with tenders as design work is completed, and using standard designs to create construction and maintenance efficiencies.

Speaking of standard designs, this year my new mandate from Premier Stelmach is to adopt standard facility designs to increase the efficiency in health and education infrastructure with respect to design and construction. We've already been working closely with other ministries to identify projects that may benefit from the use of standard design. The review is in the early stages, but some potential candidates include long-term care and health clinics, affordable housing projects, and seniors' residential housing.

Some of the potential benefits with respect to these standard designs include cost savings, reduced design and construction time, equality: all buildings will be built to a uniform standard. Core schools, of course, are an example of the benefits of standard design whereby we can provide 70 core schools built for approximately the same cost of 56 schools using traditional methods. Last year we developed five core school designs for K to 6 and K to 9 schools, and they'll be used for the Alberta school alternative procurement project phase 1.

ASAP 1 construction is well under way, and it's being managed by Infrastructure. We're moving along on schedule to deliver 18 schools in Edmonton and Calgary by 2010. We're currently working on new standard core designs for middle schools and base designs for high schools. They will be used in the ASAP 2 to deliver schools in the greater Calgary and Edmonton areas. We're working hard on that project and expect to award by March 2010.

We're committed to environmental responsibility and sustainability with healthier environments, more energy-efficient design, and environmentally friendly buildings with our LEED design. We're moving along very well.

In conclusion, in this economic environment it's more important than ever to invest strategically, focus on our priorities, and build responsibly. Thank you.

6:40

**The Chair:** Thank you, Minister.

Mr. MacDonald, you have an hour.

**Mr. MacDonald:** Yes. Thank you very much.

**The Chair:** Do you want to go 10 and 10 with the minister for 20?

**Mr. MacDonald:** I believe Mr. Taylor has expressed an interest in participating this evening.

**Mr. Taylor:** Oh, you take your time. I can participate in the next round. Just give me a couple of minutes in here somewhere.

**Mr. MacDonald:** Okay. Well, I appreciate that. Perhaps we can start on page 272 of the government estimates.

Certainly, Mr. Chairman, for the record I would like to commend the minister for his work to date in this department and in particular his interest in participating in the debate this afternoon in the House on Bill 19, that I listened to over the intercom. It's nice to see a minister get up and discuss on the public record their legislation and their amendments to it. I think you are, sir, to be commended.

**Mr. Hayden:** Thank you.

**Mr. MacDonald:** Now, getting to budget estimates, on page 272 of the estimates, the minister's office, line 1.0.1, we're looking at an anticipated estimate here of \$543,000. If we go back two years to the actual amount that's included here, \$224,000, we've got to be cognizant of the fact that this was a dual ministry at that time, infrastructure and transportation. In light of these economic times, which you mentioned earlier in your opening remarks, I am still puzzled why we need two departments now when I think that for efficiencies and for economy we could do with one. Your annual report from last year indicates that the minister's office spent \$448,000, yet you indicate the 2007-08 actual for Infrastructure was \$224,000. Am I correct in assuming that when the ministry was split into two, that budget was just split at that time?

**Mr. Hayden:** That's correct.

**Mr. MacDonald:** Okay. So if you had that much money to run your end of the minister's office, why do you need more than double that now?

**Mr. Hayden:** First of all, this is a target estimate with respect to the cost of operating the minister's office, but I'm hopeful that we do better than that, obviously. I think what's important here is that this ministry has taken a far more active role in the infrastructure delivery in the province and their working relationship with program ministries. We are getting far more involved in projects that have been shown to create a fair amount of risk in the past, where we've had some real substantial cost overruns.

In many cases, for the hon. member, it's a capacity issue. There are a number of government-funded buildings through other program ministries that have been managed at the local level. But a board may deal with one in two terms – I'm speaking about schools, possibly – so the minister's office and the ministry have taken a far more active role in those projects. We're actually achieving and seeing some very nice savings and efficiencies timewise on delivery out of our activities and now being more involved.

**Mr. MacDonald:** Okay. Thank you. Now, the same rule of thumb would apply, I think, for the deputy minister's office on line 1.0.2, where in 2007-08 you indicate that there was \$326,000 of actual expense, and this year the estimate will be \$626,000. Now, in the annual report last year for the twin ministries there were five assistant deputy ministers. How many do you have now that the department has been split?

**Mr. Hayden:** Two and a half.

**Mr. MacDonald:** Two and a half?

**Mr. Hayden:** Yeah, and the half one is really an interesting character.

The budget associated with this, of course, is very indicative of the costs for a deputy ministry office for a ministry like this. Actually, we're probably on the low side compared to other ministries.

**Mr. MacDonald:** Okay. Thank you.

Following along with that, your communications budget is expected to increase by \$176,000. Why is that necessary from the 2007-08 actual?

**Mr. Hayden:** Yes. It's the same principle. With a stand-alone ministry and the expertise that's required in the communications area there, again I think for a ministry it's quite a reasonable number.

**Mr. MacDonald:** Okay. Do you have any money set aside for an internal audit?

**Mr. Hayden:** The audits would be handled through Treasury Board and not through our ministry.

**Mr. MacDonald:** Okay. I see they have \$4.3 million, I think, set aside in Treasury Board for Mr. Snelgrove's audits. Okay. So you have nothing set aside, and nothing is transferred over?

**Mr. Hayden:** Nothing budgeted. No.

**Mr. MacDonald:** Okay. May I ask: in the past did you have any money set aside for internal audits?

**Mr. Hayden:** Not that I'm aware of.

**Mr. MacDonald:** Okay. Now, hosting expenses over \$600. I've been following hosting expenses in the *Gazette* with a great deal of interest for the last number of years, and I was astonished that a spokesperson for the government – I think it was a PAB spokesperson or a finance spokesperson – indicated that there was no allocated budget for hosting expenses that are over \$600 in any government department. In this year's budget are there monies set aside for hosting expenses over \$600 anywhere, either in the government operations or ministry support services?

**Mr. Hayden:** What's the question?

**Mr. MacDonald:** Well, if you do have money set aside, how much?

**Mr. Hayden:** You're talking for the 2009-2010 budget.

**Mr. MacDonald:** The 2009-10 budget. For last year your ministry spent \$54,622.89, according to my math.

**Mr. Hayden:** Well, the two items that are gazetted are for 2008-2009 at \$22,318 and 2007-2008 at \$33,711.

**Mr. MacDonald:** Yes.

**Mr. Hayden:** So the combined total of the two.

**Mr. MacDonald:** Yes. I'm doing it by calendar year.

**Mr. Hayden:** Yes. Okay.

**Mr. MacDonald:** I wanted to compare it, of course, to the centennial year. I could live with, you know, an increase because it was our hundredth birthday.

**Mr. Hayden:** There isn't a line item for an expected hosting in this year's budget.

**Mr. MacDonald:** Okay. So there is no money set aside?

**Mr. Hayden:** If you like reductions to zero, you're going to love this one.

**Mr. MacDonald:** Your expenses, Mr. Minister, would be, in my view, reasonable at that amount.

The year before, the calendar year, they were \$36,000, and in 2006 the minister – it escapes me who it would have been – must have packed their own lunch because it was \$7,400. You know, it varies, but in light of the work that you do, I would say, that is a reasonable amount.

6:50

However, I did notice in the *Gazette* where there were some hosting expenses regarding the development of the 3Ps, and on the record I would say that those contractors are getting enough taxpayer money. I think it should have been the other way around. They probably should have been hosting – I don't want to sound like Don Cherry here – you guys. I noticed that, and I don't know if it was your department or not, but it was certainly a government ministry who hosted some luncheons to iron out the difficulties around the 3P contracts.

**Mr. Hayden:** Yes, it was my ministry.

**Mr. MacDonald:** It was yours? Okay. Well, I hope those contractors read *Hansard*.

Now, who signs off on these hosting expenses? How does all this process work before they wind up in the *Gazette*?

**Mr. Hayden:** I sign off on any hosting expenses through my ministry.

**Mr. MacDonald:** Okay. Does that include hosting expenses that are under the amount of \$600?

**Mr. Hayden:** Well, over \$600 my deputy minister signs off. So that's correct. I obviously see anything that happens, but your observation is very good. Because my ministry isn't a program ministry as such, the occasions for where hosting would happen are far fewer and usually associated with, as an example, the hosting of a deputy ministers' conference from all provinces and territories, where they're working on design and better ways to move forward on infrastructure. Of course, there's one other that's listed, and that

was a very major opening of the Courts Centre in Calgary, but they're very, very rare.

**Mr. MacDonald:** Yes. That Courts Centre was an elaborate ceremony just before the provincial election of March 2008.

There were another two events, one very modest that your department hosted, and it was the ribbon cutting for the southeast Henday.

**Mr. Hayden:** No, that would be Transportation.

**Mr. MacDonald:** That would be Transportation. Oh, that's Mr. Ouellette. Okay.

**Mr. Hayden:** Yeah. I'm everything this way.

**Mr. MacDonald:** Okay. But this was back when both ministries were together. I did notice that the next event that was hosted by Transportation alone, it might have been, was a significantly larger bill. We'll have to ask Mr. Ouellette.

**Mr. Hayden:** Absolutely.

**Mr. MacDonald:** Yeah. Okay. Now, that pretty well takes care of that.

Your communications budget: I would like to go back to that end. Again, I'm looking at both Transportation and Infrastructure. Transportation, of course, seems to have a lot more problems because they have a larger communications staff. They have six public affairs officers. Now that these two departments have been split up, you are operating with an assistant director and four public affairs officers.

**Mr. Hayden:** Correct.

**Mr. MacDonald:** Do you see the need for this number of staff considering the fact that the departments have been split up?

**Mr. Hayden:** Yes. One of the interesting things with the split of the ministries is that with Infrastructure we work very closely with program ministries, different from Transportation. Transportation, of course, manages the transportation, infrastructure, and water and waste water as an example. It's more in-house issues that they're dealing with whereas we co-ordinate with all ministries that are supported for vertical infrastructure. We work together communications-wise with Education as an example, Advanced Ed, health, seniors, affordable housing, a number of areas, plus, of course, the communications work that's required as it relates to government buildings. We have 1,800, as I'd mentioned before, strictly provincial government buildings, so communications surrounding the modernization or upgrading or replacements of things like the remand centre, museums, this past year's work on the Jubilee auditoriums as an example. So quite a bit within our own ministry but an awful lot in working with program ministries.

**Mr. MacDonald:** Okay. On page 273 of the government estimates, strategic services, line 1.0.4, I'm of the opinion that the majority of the money that was spent under this line item would have been from the Transportation department in the past. I'm looking at the 2007-08 annual report for your ministry. This is the latest information that I would have. There was a total program spending there of \$57 million. There was an unexpended amount of \$8.2 million in the annual report, and you were indicating here that of the amount that

was spent, only \$357,000 was spent in Infrastructure. The remainder, I can only assume – I may be wrong – was spent in Transportation. So if you spent only \$357,000 in 2007-08 actual, why do you now need \$4.1 million under strategic services? I'm sorry if that question was long.

**Mr. Hayden:** Okay. The 2008-09 budget reflected an increase in funding for information technology projects such as the building and land infrastructure management systems. They're major systems to track our leases, our building inventory, the conditions of buildings, schools, government facilities, health facilities, et cetera. Some of the other items: the application server, environment, storage expansion, monitoring, optimization, and asset management for software licences. With respect to line 1.0.4, too, on strategic services, it's a \$200,000 decrease, and of course that's due to the reduction in the number of information technology projects that are scheduled for '09-10.

**Mr. MacDonald:** Okay. I apologize. It was less than a \$4 million unexpended amount. I had read the annual report wrong.

Okay. Now, you have no property operations this year. They've been transferred to where? It's on line 2.0.1.

**Mr. Hayden:** The 2007-08 actual of \$148,000 was for various equipment for buildings and ground maintenance, and that included commercial mower, Bobcat, man lifts, scissor lifts. The costs are recorded as equipment and inventory purchases in 2007-08. So we don't normally do up a budget for it.

**Mr. MacDonald:** Okay. Thank you for that.

Now, with the Swan Hills waste treatment centre. Two years ago, in 2007-08, you have under government operations a \$7.2 million expenditure. For forecast for 2008-09 you have \$5.6 million, and it's going up roughly 200 and some-odd thousand dollars in this year's estimates. Why is that?

**Mr. Hayden:** Well, it's to address the rising costs of the equipment and the inventory that's required to operate and maintain a facility that is in fact aging. It includes capital projects, maintenance parts, chemicals, and other consumable supplies that are associated with this operation. Of course, we had one large expense that was due to major facility repairs that were completed in 2007-08 that included refractory bricks to the main incinerator, and there was a fair investment there. But that's absolutely correct. The aging facility is definitely a large part of it.

7:00

**Mr. MacDonald:** Okay. Last year in the annual report there was a \$7.4 million amount.

**Mr. Hayden:** Correct.

**Mr. MacDonald:** You were over budget.

**Mr. Hayden:** Yes.

**Mr. MacDonald:** You have no idea what money you will need to satisfy the recommendations from the Stantec report?

**Mr. Hayden:** Well, we think that our budgeting is pretty accurate now. As I mentioned, the major expenditure was with respect to the bricks that are required in the main incineration area. The increases that we're talking about, we're satisfied that that will carry the

increased costs of the facility. In some cases it is the age of the facility and expected maintenance and requirements to operate.

**Mr. MacDonald:** Okay. Could you direct me? Where would I find in your budget the annual provision that is to be made to increase the environmental liability? [Mr. MacDonald's speaking time expired]

**The Chair:** Go ahead. Just continue, Mr. MacDonald.

Mr. Minister, go ahead.

**Mr. Hayden:** Are you referring to any line? Or can you be a little more specific on what you're referring to?

**Mr. MacDonald:** Well, I don't know where it is. What I'm referring to is the annual report for Infrastructure for 2007-08, page 73, where there was a study conducted on your behalf by an environmental consultant. I think it was Stantec; I'm not sure. Stantec engineering did a study indicating that by the time the Swan Hills waste treatment plant is to be shut down, in nine years, you will not have enough money set aside for the environmental liabilities, and it would have to be increased to a total amount set aside of \$64 million. You were to set aside money on an annual basis. Where would that money be, or is it in another department?

**Mr. Hayden:** Yeah. Well, what we're referring to with the Stantec report is a strategic plan. It's being considered right now. Of course, recommendations are going to have to come forward from government. I mean, we as government are going to have to have that conversation as to what future there will be for the Swan Hills plant because it has achieved its purpose in many ways. PCBs and other chemicals and toxic agents are being eliminated every year. With respect to the PCBs the amounts are reducing. We have to have a good conversation on that to see how much further forward we want to go with the operation of the plant and what's going to be in the best interests.

I understand here that liability is budgeted as part of our operating expense. I'll just refer to page 272, line 2.0.6. It's \$26,125,000. It's within there.

**Mr. MacDonald:** So it would be included in there.

**Mr. Hayden:** Yes.

**Mr. MacDonald:** I appreciate that. You're spending \$3 million less than you were in 2007-08, the last time we have a real accurate number on the waste treatment plant. Is there a significantly reduced volume of material being eliminated or destroyed?

**Mr. Hayden:** Yeah. Certain types of materials are going down. The decrease of \$3 million in comparison to the 2007-08 actuals is actually due to additional funding that was provided in 2007-08 to address that year's costs of the ongoing maintenance and some fairly major repairs to the plant.

**Mr. MacDonald:** Okay. And while we're at it, before we go further to page 273, on page 272, land services, you have \$1.2 million set aside. What is the purpose of that \$1.2 million budget estimate?

**Mr. Hayden:** This negotiates the purchase and sale of land related to government initiatives and manages land-use agreements and easements and rights-of-way.

**Mr. MacDonald:** Okay. Could you explain to us, then, on page 273, line 2.0.3, where in 2007-08 you had \$66 million set aside for capital and accommodation projects and now we're up to \$535 million plus. Why such a wide range in those two numbers?

**Mr. Hayden:** Yeah. It's a range of a \$353 million increase. It's primarily due to the construction of the new Edmonton Remand Centre and the renovation and restoration of the federal building. As I mentioned in my opening remarks, the projects are on time, but the scheduling of the work that happens to them has varied a little bit, so it's the year that the work is actually being paid for that has changed that. But it's the Remand Centre primarily.

It also includes \$137 million of rescheduled cash flow for projects that are already approved and under way. The payment in the anticipated year didn't happen, but it will this year.

**Mr. MacDonald:** So one facility is for lawmakers like yourself, and the other one is potentially for lawbreakers, right?

**Mr. Hayden:** I prefer to think lawmakers like ourselves. The other is the lawbreakers, and they're getting a far larger investment than you and I are. We're not quite as likely to escape, either.

**Mr. MacDonald:** No. Where's the whip? Oh, the whip is present, too.

Okay. The next one I think you've already explained. Now, land services. I was listening with interest to your debate this afternoon on Bill 19. Your \$46.3 million: what kind of land are the taxpayers buying for that money, and where?

**Mr. Hayden:** You want examples?

**Mr. MacDonald:** Yes, please.

**Mr. Hayden:** That's probably the best. Land services. Some of it can be one-time funding provided for acquisition of transportation utility corridors. As an example, the Calgary and Edmonton ring roads. We are still purchasing land, you know, for the completion of those projects. For 2008-09 the forecast increased by \$10 million compared to '08-09 budget, and that was in your funding provided for the acquisition of those utility corridors. It varies, of course. We as a ministry don't require land, but we as a ministry acquire land for other ministries. It depends on what the requirement is, mostly for Transportation.

**Mr. MacDonald:** Okay. My recollection of the contract for the northwest ring road is that you have two parcels of land only to buy in Edmonton or to seal the deal on. How many parcels are still outstanding in Calgary?

**Mr. Hayden:** I'm just trying to recall, but I think it's eight to 10.

**Mr. MacDonald:** Eight to 10. Okay. Eight to 10 in Calgary. Are they in that Stoney Trail section of the ring road or whatever you call it?

**Mr. Hayden:** Some of them are associated with south of that part that's being negotiated right now or is being voted on. It's the extension to the south of that.

**Mr. MacDonald:** Okay. But the two in Edmonton have been taken care of, or they're not an issue?

**Mr. Hayden:** I believe we're under way in acquiring them right now. I don't believe there's any issue with them.

**Mr. MacDonald:** Okay. Thank you. Now, last year there was a lot of information in the fiscal plan on the building Canada fund, or it wasn't a lot, but there was some. Could you provide us with an update on where the building Canada fund is and whether your department is still administering any of that money?

**Mr. Hayden:** No, we're not. That's through Transportation and Treasury Board.

**Mr. MacDonald:** That's all through Transportation and Mr. Snelgrove again.

**Mr. Hayden:** Yes.

**Mr. MacDonald:** Okay. When was that transferred to them?

**Mr. Hayden:** I've never had a piece of that action while I've been minister, so I'd have to check and see what involvement Infrastructure had before that time.

7:10

**Mr. MacDonald:** Okay. On page 277, the supplement to the estimates, looking at revenue, transfers from the government of Canada, what revenue do we receive from the government of Canada into Infrastructure?

**Mr. Hayden:** The expectation was that we would receive funding from the federal government for the Royal Alberta Museum project.

**Mr. MacDonald:** The expectation. So this isn't written in stone, is it?

**Mr. Hayden:** A commitment has been made at the federal government level. Once we have our final designs and we move forward, then that transfer we expect to take place.

**Mr. MacDonald:** Okay. Can you give me an example or examples, please, of premiums, fees, and licences that your department collects?

**Mr. Hayden:** Well, the revenue received from the government of Alberta employees across the province for civil service parking, as an example, is \$2.7 million.

**Mr. MacDonald:** Wow.

**Mr. Hayden:** Not a bad business. We're not in the business of being in business but . . .

**Mr. MacDonald:** Okay. That's parking fees.

The other that you anticipate to collect of \$21.3 million: is that off civil servants, too?

**Mr. Hayden:** No, actually. It's revenue that's generated from processing hazardous waste. It goes towards offsetting the operating costs of the Swan Hills plant. And property rentals in the 2009-10 budget, that \$10.6 million. That's revenue from agencies of government and other entities that utilize our government-owned buildings. There are approximately 1,100 nongovernment users that occupy space in our provincially owned and leased buildings.

**Mr. MacDonald:** Okay. If we could skip on to page 279, if you don't mind. I could probably look this up, but you probably know the answer. When the departments of Infrastructure and Transportation were together, how many total employees were there? Now that you have 830, did you essentially split the full-time employees and the numbers in half?

**Mr. Hayden:** There were about 1,750 employees in total when the ministries were combined. Of course, those that were involved in the vertical infrastructure files and work are the ones that are represented in our full-time equivalents.

**Mr. MacDonald:** Okay. Do you have any idea what it cost to split these two departments up, if I can call them two departments, Infrastructure and Transportation?

**Mr. Hayden:** I don't know which part of the cost you would be referring to.

**Mr. MacDonald:** Extra staff, for instance, achievement bonuses. I could use achievement bonuses as a fine example. Where you had one department, now you have two, and many of the senior managers, if not all of them, get bonuses.

**Mr. Hayden:** The staff that are represented in our 830 full-time equivalents are people that were already involved in the vertical infrastructure work, so I don't see an increase there. I recognize that by having separate ministries with respect to my office staff, of course, that's there, but there was no increase in staff overall between the two ministries due to the split. There was no increased hiring.

**Mr. MacDonald:** Okay. Thank you for that. If we could spend a little bit of time on the 3Ps.

**Mr. Hayden:** Sure.

**Mr. MacDonald:** Yes. I'm not convinced that the 3P process, certainly now that the economy has unfortunately turned in the wrong direction, is an economic benefit to the taxpayers. In the news release that was issued on September 25, 2008, Mr. Chairman, "The Alberta government signed a 30-year contract with the Northwestconnect General Partnership to design, build, operate and partially finance the Northwest Anthony Henday Drive at a cost of \$1.4 billion net present value (NPV), or today's dollars." What portion of this \$1.42 billion contract did the government partially finance?

**Mr. Hayden:** That's not under my ministry. That's under Transportation.

**Mr. MacDonald:** That's strictly under Transportation.

**Mr. Hayden:** That's correct.

**Mr. MacDonald:** Even though all this is in your annual report, you have nothing to do with that now?

**Mr. Hayden:** No, I have nothing to do with transportation, water, waste water. Everything vertical, the P3s with respect to the schools: yes.

**Mr. MacDonald:** And you're going to maintain those 3P schools?



**Mr. Hayden:** Correct. They will be maintained as part of the contract, yes.

**Mr. MacDonald:** Okay. When I see the contracts for those on both the Ministry of Education and the Ministry of Infrastructure, you have the final say in those according to those contracts. Is that still true?

**Mr. Hayden:** It's a multiminsty undertaking between Education, Treasury, obviously, on the financial end, Justice to make sure that we're covered there, and Infrastructure. So when we put a P3 project together, we make sure that everyone is involved that's required to be involved to make sure that we've got a good, solid contract.

**Mr. MacDonald:** Were there any partial financing arrangements made for the construction of the 18 3P schools?

**Mr. Hayden:** The way the packages are put together, there's a contribution by government on delivery of the schools, and of course there would be penalties for delays. There's a portion of each P3 that's paid to the proponent at the completion of the project. There is a payment schedule set out during the 30-year life of the maintenance that goes to the person that's doing the maintenance, to a company that gets the agreement.

All of the determinations with respect to the funding are put up against a cost comparator. Of course, as the government of Alberta we have some very good information. P3s only represent a very small part of the overall infrastructure that we provide to Albertans. We have very good indications on costs with respect to conventional builds. I'll speak to my own ministry: in the case of schools, with the number of school facilities we build, we've got very good information on conventional pricing on costs plus past maintenance costs and, of course, the forecasting forward on maintenance costs.

These numbers are put together, and then we have a third party come in – PricewaterhouseCoopers is an example of one and Tech-Cost – that analyzes the numbers and verifies the accuracy. That gives us an opportunity to take a look – this number is arrived at, and the number is sealed once we've determined it. At the time that the tenders are opened, that envelope is opened, and then the comparison on the contracts is taken into consideration. In the case of the 18 schools the independently analyzed costs compared to the prices that came in on the project showed \$118 million savings with the P3 project over the conventional build that we have traditionally used and continue to use.

I think it's important to point out that P3s don't work for everything. The hon. member pointed out that depending on the financial situation and what's taking place in the world, we absolutely have to take a look. We are probably one of the safest havens in the world with respect to people being sure that they're going to receive their money back. We're triple-A rated. That may be beneficial to us, but of course with the changing world, we'll have to look very carefully. If it doesn't make sense for Albertans and it doesn't provide us with cost advantages, we would not go that way.

7:20

**Mr. MacDonald:** Okay. Thank you. Now, speaking of taking a look, before you signed that 3P deal for the schools in Calgary and Edmonton – and I understand they're progressing much faster in Edmonton than they are in Calgary – did you take a look at the problems in Abbotsford, British Columbia, with the 3P school that was initiated in 2000 that has significant engineering problems with

the roof, that the New Democrat government at the time in B.C. had signed? Did you look at that?

**Mr. Hayden:** We, of course, take a very close look at the design standards and what's being brought forward, but we also set the standards of what we expect to accomplish. As an indicator, these schools are all built to a minimum LEED silver standard, so we're talking about a very high-quality building, a very healthy environment, lots of natural light, extremely energy efficient. The people that bring forward their proposals to us on the buildings – I was very pleased with some of the innovation and technology that was put into these 18 schools, that is going to give us superior performance, I believe, with respect to the roofs and the heating systems and boiler systems. I don't think I'm letting anything out of the bag. It's very impressive.

**Mr. MacDonald:** Okay.

**The Chair:** Mr. MacDonald, your 20 minutes is up. Mr. Taylor wants a couple of minutes, and then we'll get back to you.

**Mr. Taylor:** Thank you, Mr. Chair. Then I'll hand it back to Mr. MacDonald and the minister to continue their to-and-fro if I can call it that.

We have over the course of the last several nights that budget hearings have been going on at this and other committees been proposing amendments in the budgets, the estimates, of various departments aimed at reducing some of the costs and saving some money that could otherwise be put to perhaps better use or different use in these challenging times. So on behalf of my colleague Dr. Taft, the Member for Edmonton-Riverview, I would move that the estimates for strategic services under reference 1.0.4 at page 272 of the 2009-2010 main estimates of the Department of Infrastructure be reduced by \$1 million so that the amount to be voted at page 269 for expense and equipment/inventory purchases is \$584,195,000. With that, I'll turn it back to the chair to do as he sees fit.

**The Chair:** Minister, do you have any comments on the amendment?

**Mr. Hayden:** Thank you for your input.

**The Chair:** Okay. Then I'll turn the floor back to Mr. MacDonald, and you can continue. You have another 18 minutes and 35 seconds to go.

**Mr. MacDonald:** Okay. Thank you, Mr. Chairman. Now, if we could go back to the 3P schools, the 18 new state-of-the-art schools, as you call them, if you look at what is on the website of Edmonton public and various other school boards, specifically with Edmonton public, they indicate in their business plan they can build a similar school for \$11 million. Your all-in costs on average for these schools at the price that you have indicated – I think it's \$634 million net present value. That's \$35 million a school. How can you explain to the taxpayers in light of those two numbers that this is a good deal for the taxpayers?

**Mr. Hayden:** Edmonton public and Edmonton separate have been very supportive of the program and have said that they're getting a high-quality school in all of these cases. Of course, when you do your comparisons with respect to cost, you have to take into consideration that we have 30 years of maintenance that are in the P3 schools, and that's excluded from numbers that people may bring forward.

If I could, to the hon. member, with that 30 years of maintenance we obviously have very good information on what maintenance costs are and project forward, but the safeguards are put in place with respect to the contracts going forward on maintenance tied to consumer price index and labour costs. So we have that safety feature that's also incorporated into it. At the end of the 30 years, as these schools are turned over maintenance-wise to government, they have to be turned over in the top category of condition that we rate government buildings. So we get back a top-quality, well-maintained structure at the end of 30 years, and then the costs of the maintenance are incorporated into the costs over that 30-year period.

**Mr. MacDonald:** Okay. Now, if you look at the fiscal plan or you look at last year's 2007-08 government of Alberta consolidated financial statements, there is significant money on the books for 3P projects. The liability is up around 900-plus million dollars. Is this 3P debt considered debt under the current Fiscal Responsibility Act, not the new Bill 33 but the current act? How is that factored with our law on the state of the debt?

**Mr. Hayden:** The number you're referring to refers to our ring roads.

**Mr. MacDonald:** That refers to the ring roads.

**Mr. Hayden:** That's Transportation, yes.

**Mr. MacDonald:** So when will this debt for the 18 schools be added to the consolidated financial statements?

**Mr. Hayden:** Once it's delivered, that's when we kick in with our contribution to the schools, and that's when the agreements kick in with respect to the ongoing maintenance.

**Mr. MacDonald:** Okay. So with Bill 33, if that proposed legislation were to become law, would the 3P debt be considered part of the public debt, or would that be one of the exemptions under Bill 33?

**Mr. Hayden:** The costs going forward are related to maintenance for a great part, but of course the breakdown on the financial payment is actually a more appropriate question for Finance.

**Mr. MacDonald:** So there's no way here in the fiscal plan for us to determine how much anticipated public debt we will have with the 3Ps, the 18 schools.

**Mr. Hayden:** Could you narrow the question down just a little for me?

**Mr. MacDonald:** Where in the fiscal plan, with all due respect, would I find where you're going to add this public debt? Certainly, in this year we're going to get some of these schools, at least in Edmonton. Where would I find that? Under liabilities?

**Mr. Hayden:** Actually, the funding is through the program ministry, so I think if you're looking for the capital dollars, that's handled through the Education ministry.

**Mr. MacDonald:** Well, I'm not looking for the capital dollars. I'm looking for the amount that will be added to our public debt as a result.

**Mr. Hayden:** School capital costs are going to be added when the

schools are completed, and that will be in the Education budget, not in the Infrastructure budget.

**Mr. MacDonald:** Okay. And in the accumulated debt of the province, where will all this fit in?

**Mr. Hayden:** I think you'll have to ask that question of Treasury to see how the accounting fits.

**Mr. MacDonald:** I will look into this a little further. Yeah. With the 3Ps, still, why are they behind schedule in Calgary?

**Mr. Hayden:** Well, they're not, actually.

**Mr. MacDonald:** They're not?

**Mr. Hayden:** No. We're moving along. Our schedule looks good. We did have one that was interesting. When they did the preparation of the site – it was probably an old farm site – they actually came up with some problems, things that had been buried. But that's been corrected, and they're well under way. We're on track for completion in 2010, and we're satisfied that that's how it will work. Of course, it's in the best interest of the people that are building to be on time, too.

There were some differences in the timelines with respect to some of the permitting, I think, that set us behind a little bit in Calgary, too, in comparison to Edmonton, but we overcame that, and we're on schedule.

7:30

**Mr. MacDonald:** Are there incentive clauses in the contract so that the builder, if they're finished early, gets a few extra dollars?

**Mr. Hayden:** No. There are disincentives if they don't complete it on time. There are penalties.

**Mr. MacDonald:** There are penalties. I appreciate that, yeah.

Now, you don't deal with the money to furnish these facilities. That's up to each respective school board, correct?

**Mr. Hayden:** That's correct.

**Mr. MacDonald:** I would like to correct a statement you made earlier. I can remember this vividly from Public Accounts last summer, where the chairperson of the Calgary separate board told me that they had no choice in the matter of whether they would build the schools. She told the whole committee that they had no choice on whether or not they could build the schools themselves. The choice was P3 or the highway. Mr. Mason was present, I believe, that afternoon. That's not exactly what she did say, but, yeah, she had no choice. Mme Belcourt, I think her name was.

**Mr. Hayden:** Would you like a comment on that?

**Mr. MacDonald:** Yeah. For sure. Please.

**Mr. Hayden:** Okay. Great. One of the very nice things about the P3 projects is that it allows us to provide the schools that are needed for those communities where under the conventional build that wouldn't have been available. So I think that when we make reference to a comment that was made – you go with the P3; you won't let us build it – I find the wording a little harsh. The reality is that without using innovative approaches, we can't deliver the type

of infrastructure that we've been able to deliver by using this innovative approach. So, in fairness, were we not to go forward but stay with the conventional, those schools still would have been provided, but they wouldn't have been provided nearly as quickly and wouldn't have addressed the needs of those students and those school boards as quickly.

The school boards have had the option all the way through to turn down P3s. If you have information that I'm not aware of of somebody that has said to government, "I'm sorry; I don't want that school," I've certainly never heard it.

**Mr. MacDonald:** Well, they didn't have a choice whether they could be provided the funding and they could build the schools through the usual process. There was no choice, and she was quite clear on that.

**Mr. Hayden:** To the hon. member, that's not fair, because they absolutely do have the choice. We will provide the schools, but by using P3s, we are able to provide them sooner than we would have under conventional methods. I have no knowledge of anyone turning down P3 schools.

**Mr. MacDonald:** It's not a matter of turning them down. It's having the choice of building them themselves under traditional: they let a contract, and away we go.

**Mr. Hayden:** Oh, that option is absolutely available to them, but not in the timelines that we're able to deliver P3s.

**Mr. MacDonald:** Okay. Now, you refer in the business plan to your 20-year strategic plan.

**Mr. Hayden:** Correct.

**Mr. MacDonald:** That's a wonderful read. It's a wonderful read. There's reference in there to the P3 process and how we shift debt off the public's balance sheet. I would like your comment on that. This is nothing more than an elaborate measure to go into debt without it showing up on the province's books. That's what a P3 is. There's reference made – I don't know who wrote that document, but it's on your website.

**Mr. Hayden:** I think that it's irresponsible to look at a building, be it a health facility or a school – but let's stick with schools, because at the moment we only have one P3 project that's out there. I think the responsible thing is to come forward and realize that this is infrastructure that's going to serve the needs of the community for 30-plus years for certain, you know, out 40, out 50 years. At the end of the P3 arrangement we receive a building in good condition that we carry on maintaining.

I think that under the P3 model – and this is my personal opinion – it better represents a commitment to proper maintenance and an understanding that you don't just hit it with a cheque or a magic wand and you're done with it. Once you've built a school, you've only just begun. You have to maintain it for many years to come, and all those things need to be taken into consideration. Because of our conventional comparator numbers that we use in the P3 process, we're able to very accurately identify if, in fact, it makes sense financially to go that way. In the case of the 18 schools it was a \$118 million difference with a conventional build when we added all things in, using the comparators that we have. I think it's good, and I think it's a good recognition for Albertans and for government that the costs are ongoing.

**Mr. MacDonald:** Okay. Now, that being said, the government has not released the net present value calculations for the 18 P3 school projects you have committed to. These calculations are very important because they are the justification the government gives for choosing to pursue an infrastructure project via this P3 construction rather than the conventional construction method. In P3 projects around the world that I have seen on the Internet, the net present value comparators and discount rates have come under scrutiny, and they are there for the public, the taxpayer, to look at. I understand that your government and your ministry does not release the net present value and discount rate information to the taxpayers, who are eventually funding this build. Is that true?

**Mr. Hayden:** We release all information that we can release without jeopardizing our opportunity to get good deals in the future. So there is proprietary information that we don't release. In the Auditor General's report that has just been released he has acknowledged that the accounting of our P3s is consistent with all generally accepted accounting principles. So the information and the principles that we use are there. We have to be very careful to protect the proprietary rights and information of the people that are going to build these projects. Were we to release information that would be detrimental to the process, it would be definitely not in the best interests of Albertans. I use the analogy that Mr. Christie doesn't tell Mr. Dare how he makes cookies, or pretty soon he's not selling any cookies.

**Mr. MacDonald:** Yes, well, Mr. Dare and Mr. Christie are not using taxpayers' money.

Given that the value for money is more important now than in many years because of our economic downturn, why won't the ministry give Albertans all the details on the value they are allegedly getting from P3s. If this is such a good deal, surely it can be written in the contract. I got those contracts printed off, and there are more schedules there than one wants to read. They're there to read, but the important information is omitted. I don't think it's fair to the taxpayers, who are funding this, to be literally left in the dark. There's no way for them to know whether this is a good deal or a bad deal.

**Mr. Hayden:** Actually, posted both on our website and on Education's website we have the conventional cost comparators as inspected by Pricewaterhouse and Tech-Cost, two of the very top-notch, most respected people in the business taking a look at the numbers. The numbers that they show forward on the P3 project on 18 schools indicate a \$118 million saving. Having a third party come in and analyze the numbers and the conventional costs, as I say, is done well ahead of time. This isn't something where you open a tender and say: okay, this is the best price on the tender, and this is what we think we can do. You do your cost comparators and have them examined by third parties before they're sealed away in an envelope and the comparison is done. So I'm very satisfied that Albertans are getting a very good deal.

7:40

**Mr. MacDonald:** Well, I'm not. In light of the time and the limited time we have for this debate, I think we have to move on.

Now, in this year what other projects are being considered for P3s, or now that construction costs are coming down, are we looking at more of the conventional, hard-dollar tendered contracts?

**Mr. Hayden:** Our early indicators are that there are some very good opportunities out there to put in place infrastructure for Albertans.

The pricing is very, very competitive, which is good. But as has happened with the first P3 project, only projects that make sense in a P3 environment would be considered.

The comments that you've made are very good. We are dealing with a different economic situation globally. With the money markets there is what I prefer to refer to as a global correction that's taking place. In light of the situation that we have, there may in fact be no projects that would qualify as a P3. That may not be one of the tools in the tool box that will work for us.

But should it be indicated that that gives Albertans the best value, then it could be used for a number of projects, if it gave the best value. But these things have to be examined. P3s are very expensive, actually. There's a lot of effort and expense to put these together. So government would have to have very solid indicators that it was worth pursuing in these money markets. Before we would spend public dollars in pursuing a P3, we'd have to have some pretty solid indicators that we were going to get some good results.

**The Chair:** Thank you.

Mr. Mason, do you want to go back and forth with the minister?

**Mr. Mason:** Yeah. Sure. If the minister responds relatively concisely, I think we can just go back and forth. That'd be great.

Thanks very much. It's a very interesting discussion. I think we should continue with P3s for a little while. Much of the research that we've seen shows in general that P3s tend to cost more. That doesn't mean that the way the Alberta government is doing it, they don't cost less, but in general the borrowing of the capital to build the projects can be done more cheaply by government, who gets a better rate than the private sector, and of course by eliminating the profit margin, you can lower the costs as well.

I've asked this question of lots of people in the last few years: what is it about the P3 system that saves money? You've indicated that overall on the 18 schools there's a savings of \$118 million. How is that accomplished? How is it that by doing it through a P3, you're able to save that money?

**Mr. Hayden:** There are a number of factors that fit into it. One of the most obvious, I would say, is the sheer volume of materials that are used. In the example of the 18 schools that we've done, with the use of core designs there are some very good efficiencies. These numbers are not going to be correct, Mr. Mason, but they'll give you an indication. The difference between buying 25,000 doors and buying 500, as an example: you're able to get some pretty good efficiencies.

**Mr. Mason:** Economies of scale.

**Mr. Hayden:** Absolutely. Economies of scale.

Some of the other advantages when dealing with one company – and when I say one company, obviously, there are subtrades and different people that specialize in different areas. Mobilization costs on individual projects can be very expensive. You can have areas of expertise that can move from one building to the next with the same company to do the electrical, as an example, to do the plumbing, as an example, to do the drywall work, all of the different components that are involved in that. In the case of the schools, interestingly, of course, you have the packages that include the high-quality modular classrooms that are involved in our core school designs. They are part of these packages. So there are a number of economies of scale. For all bidders there are assurances that they have a large project with predictable cash flows, understandable timelines, and very well spelled out quality standards.

**Mr. Mason:** Okay. That's interesting because that's similar to answers I've heard in the past. I guess, Mr. Minister, what I've heard you say is that because there's a greater volume, because you bundled the schools, there are economies of scale, and because the company organizes the work in a certain way, there are additional things, but none of those have to do with private companies doing it. Those are options that are available to the government. Perhaps if you had organized it in that way and bundled it originally plus got lower financing costs plus eliminated the need for profit to be built in, you could have saved much more than \$118 million.

**Mr. Hayden:** There's profit built into everything that's built, obviously. We're building 18 schools, and we're doing it with four boards in that first project. That's something that conventionally has not been done in the past. We've found a lot of economies through this process that aren't available through the conventional process. Of course, the other part that brings great value is the maintenance out 30 years. It has to be maintained to the standard as dictated by the province. That gives us back a high-quality piece of infrastructure in excellent condition at the end of the 30-year period. The price protection that goes within that tied to CPI and labour costs gives good predictability down the road with respect to that.

**Mr. Mason:** I tend to agree about the maintenance side because I know that governments and cities do this and other municipalities as well. They tend to focus on building the physical structures and getting it built, and then when they need to save a little bit of money, they cut back on the maintenance. So a long-term contract for maintenance might make sense. I just wonder: when you look at the P3 contract, do you break it down so that you know what the maintenance piece of the contract is worth and you can sort of look at the financials on that separately from the other part?

**Mr. Hayden:** Yes.

**Mr. Mason:** Okay. Then my next question is: if that's a better way to do maintenance, why wouldn't you just have a maintenance contract as opposed to bundling it with the construction costs as well?

**Mr. Hayden:** There are possibilities that we can do more of that with maintenance contracts in the future. Mr. Mason, if you're suggesting that we pursue long-term maintenance contracts instead of how we conventionally operate our maintenance, then I certainly respect your opinion because I've got a history with you and sustainable buildings. I know how important maintenance has been to you in the past and environmentally solid designs.

**Mr. Mason:** I want to be careful here and distinguish my position because I suspect that some of the savings in maintenance through these long-term contracts are through the avoidance of the unions that do that work for the public school board, and I'd like to know if a source of savings on the maintenance contracts is just avoiding unionized maintenance work.

7:50

**Mr. Hayden:** We, of course, look at all portions of the building costs, delivery and maintenance expenses, based on our experience with maintenance costs and our projected-forward maintenance costs. As far as any consideration with respect to any individual sector, I'm looking at the bottom line in two areas: the quality of the buildings and the quality of the maintenance that I get in that

package and then the costs associated with that between conventional and the P3 model.

**Mr. Mason:** Okay. I'd like to sort of move on to another, somewhat related issue, and it's a question of how the department works with other departments with respect to the construction of new public facilities to ensure that the construction of the facility and the ability to operate the facility are in sync. I use the example of the Mazankowski heart centre, where the construction of the facility has taken place long before we're in a position to operate it. I'd just like to know what your department does to try and ensure that, in fact, you don't start a project until the line department is ready to operate it.

**Mr. Hayden:** One of the nice things about being the Minister of Infrastructure is that the program ministries determine the need, and I provide the expertise through my ministry and the amazing people that we have working for us. We provide our expertise, oversight, project management and deal strictly with the physical building itself, the vertical piece of infrastructure. We, obviously, have expertise because of the number of buildings that we operate ourselves with respect to operations and maintenance, but the operations of buildings outside of my ministry, of course, are handled within those buildings by the boards, the sectors that operate them. That's not an area that I would be involved in. I have a program ministry come to me with their need for a building, and we work in whatever way we can to help make that happen.

**Mr. Mason:** Maybe you should be a little tougher with the department of health next time and tell them that unless they can prove that they can operate the hospital, you won't build it for them.

**Mr. Hayden:** I trust my colleague's judgment.

**Mr. Mason:** Okay. I'd like to ask about targets for energy efficiency in buildings. You use the silver standard as a minimum standard, right?

**Mr. Hayden:** Correct. As a minimum.

**Mr. Mason:** But do you have targets for reducing energy costs within buildings, including buildings that are older?

**Mr. Hayden:** Absolutely. We've got a very aggressive BOMA process in place now. I know you're familiar with BOMA, the building standards. We're upgrading buildings quite aggressively, actually, so that our older buildings are becoming more energy efficient all the time. It's interesting. Anything that we build now, we build to a minimum LEED silver standard, but because of the technologies that are out there and the aggressive competition that's taking place, we have a number of buildings that are coming in, actually, as LEED gold now.

Because you and I had an opportunity to work on energy efficiency and environmentally sensitive sustainable communities in the past, I know that you appreciate some of the savings that we're looking at. We're talking about a 45 per cent reduction in costs for energy with the projects that we're taking forward now. That comes along with some really nice benefits because of the new designs, and that's the natural light and the higher quality environment with respect to air quality both for staff and students in the case of schools and, of course, for staff and patients in the case of health facilities.

On top of that, as a province, with our 1,800 buildings 90 per cent of our power is now green-certified power, and it comes from wind

generation or biomass. The only reason it isn't 100 per cent is because we do have some stranded buildings in areas where certified green power isn't available. I'm very proud of the example that our government is showing. I always say that I want to move my colleagues to that gold standard as quickly as I can because I personally feel that there are benefits to be achieved by moving that next step.

**Mr. Mason:** Okay. Thank you. I'd like to ask about deferred maintenance. Excluding highways, I think you indicated a year ago in the estimates that the total deferred maintenance across the government was about \$4 billion. Now, your budget is about a billion dollars. Where do we sit in terms of deferred maintenance now? Given that it's four times your actual budget, how long is it going to be before we can actually bring that down close to zero?

**Mr. Hayden:** We have been catching up. As you may be aware, we have a rating system for all of our government buildings and government-supported buildings. I continue to have some concerns. I would like to see us move more quickly on our postsecondaries, but in fact we've gained a lot of ground in our education and our health facilities. We need to move forward as quickly as we can on it, but in fairness I think the economic situations that we face, you know, will have to be taken into consideration as we go forward. We see the advantages of getting the maintenance up to as high a standard as we possibly can because that gives us longer life out of our facilities, obviously. We are gaining ground.

**Mr. Mason:** Is there a source of information where we can actually have a look at that and look at the actual figures and the progress that's being made there?

**Mr. Hayden:** Yes. We keep track. As I say, we have a building rating system for the different program ministries, so we can see where we've moved percentagewise in moving our infrastructure up the scale with respect to the condition of the buildings. That's something that I'm sure I could share with you.

**Mr. Mason:** Thank you very much. I'd appreciate that. I sense I'm probably going to run out of time soon.

**The Chair:** You have another five minutes.

**Mr. Mason:** Another five minutes. Maybe I can come back to P3s. There are two questions, really. One is that lots of key information that is of interest to us and probably to the public is unavailable because of the contractual nature of it and the proprietary information argument. The first question: is it possible to write the contracts in such a way that more of the information that's critical is available? The second, related one has to do with the cost comparator. I'd like to know a little bit more about how you calculate a cost comparator and what could be done to make sure that that information is available and transparent and made available at the same time as the contracts are awarded.

**Mr. Hayden:** Well, it is in fact made available at the time the contract is reported, and it's posted on the websites.

The cost comparator is conventional build. All of the accepted accounting principles that are dealt with in all businesses are taken into consideration. All of the numbers that go into the cost comparison are open to the scrutiny of a third party, as I mentioned, Pricewaterhouse and Tech-Cost in the case of the project that I'm familiar with, the 18 schools.

So this is examined. The conventional-build comparators are examined to confirm that, in fact, they're solid numbers should we have gone forward with a conventional build. Then we judge the tenders as they're opened up, and if it makes sense for the Alberta taxpayer financially to go that way, that's what we do. If we were to open up a tender and it didn't make sense, then the P3 is off the table, and we're back to conventional build as we can put it into our program.

8:00

**Mr. Mason:** When we've asked for information with respect to this, a lot of it is traditionally not provided because of business confidential information. I guess I would just put it to you that I think if these companies can make money at this, they will bid even if more information relating to their contract is made available. I would like to see a lot more transparency with respect to this. It's very hard for us to prove that any one of your projects is actually more expensive than if it was built conventionally because you don't give us the information to make the case. That's basically what we've found.

**Mr. Hayden:** I certainly will take into consideration what you've asked if there are ways that there could be more information available without jeopardizing the competitive advantage that we're getting through our process right now. I'm certainly a supporter of openness and transparency as much as is possible but not to the point that it would jeopardize what might be a good deal for Albertans. Those things that are truly proprietary have to be protected, and I know you understand that. They have to be protected in order to create a competitive environment. But your statement when you said, "Give us more information so that we can prove that it's a bad deal" – I'm paraphrasing a little, but it's pretty much what you said.

**Mr. Mason:** Yes, it's pretty much what I said.

**Mr. Hayden:** When we have third parties – and these are experts – looking at the numbers we use to determine what conventional build is so that at the time we open tenders, we can do a proper and upfront comparison on the costs on a P3, and it's established by those third parties and satisfies the Auditor General with respect to the process that we have in fact saved \$118 million, I like being an Albertan.

**Mr. Mason:** I'm from Missouri. I'm sorry. Thanks very much.

**The Chair:** Thank you.

With the concurrence of the committee, we'll take a five-minute break, and then we'll get back into the second part of our questions. Let's be back here just before 10 after.

[The committee adjourned from 8:03 p.m. to 8:10 p.m.]

**The Chair:** Okay. We'll call this meeting back to order.

Mr. Amery, you're first up.

**Mr. Amery:** Thank you, Mr. Chairman. Mr. Minister, I'm going to have a little follow-up on the P3 discussion here. One of the schools in my constituency was built through the P3 initiative, the Radisson Park school. I'm sure you're aware of it. That school replaced two older, aging, and falling-apart schools in that area, the Albert Park school and the David D. Oughton school. I know we're happy with it. The community is happy with it. The students are happy with it. The parents are happy with it. They really didn't care who paid for

it and how it was paid for. All they wanted was a brand new school, and they got it. Thank you very much.

However, my question to you right now is that I'm sure you heard this morning that the Bank of Canada lowered its rate to .025 per cent, and I'm sure you heard that the charter banks are loaning money right now at 3.05 per cent. Now, can I safely go back to my constituency and tell my constituents that even with our triple-A credit rating in the province of Alberta, really, it is still cheaper for you and better for you and in the best interests of the people of Alberta to go through the P3 initiative?

**Mr. Hayden:** Of course, these are things that have to be considered at the time that we look at a project. We were in a quite competitive position at the time that we moved forward with these P3s. The cost of money, obviously, is one of the considerations that's used in a cost comparator. That's how we have to do business. That's how business does business. You have to look at the situation as it is at the time that you need the infrastructure. So, yes, for the times that we moved forward, the cost comparators were very positive. We looked in comparison to conventional. Had we gone ahead in a conventional fashion, those costs would still have been applicable today, and we would still be looking at \$118 million difference between conventional and the P3s.

**Mr. Amery:** In a reply to one of Mr. MacDonald's questions you said that the projects in Calgary are slower than the ones in Edmonton. Can you update me as a Calgary MLA on the status of those projects in Calgary and how they are proceeding?

**Mr. Hayden:** Yeah. Mr. MacDonald, I think, was using more general terms than specific terms. Generally speaking, it's correct that the Edmonton projects are a little ahead of the Calgary projects, but we have Calgary projects that are right in there, too. Some of the difficulties were with respect to permitting, which we did get out of the way. But in the agreement there are delivery dates specified, and we are on schedule for delivery in the timelines that were indicated when we announced the go-ahead with the project. So they'll be completed on time, and students will be in. We're very confident of that.

**Mr. Amery:** My next question is about the status of the federal building. Could you update us on that project?

**Mr. Hayden:** Yes. Work is under way. I can't predict exact dollars now, but this is a situation where in the present environment we expect to benefit greatly by undertaking that project right now. Their industry is very interested in working, and prices on many projects are coming in very, very competitively. We're under way with our preparation work, which I'm sure if you – I guess we can't look out the window here and see. But we're ready to roll very soon on the parkade portion of the project that, of course, is going to give us the green space on the surface and a little better than triple the amount of parking that we have underground.

We've had some very encouraging information come back from the design teams that are working, and it's going to be a building that all Albertans are going to be very proud of. We're going to be able to preserve the amazing historical significance of the building. Just out of interest, we are shooting for and, I believe, will achieve LEED gold on the federal building, and with the green roof as part of the design package, we will completely eliminate the footprint of that facility and the parking on completion of that building. It's going to be a proud, proud moment for Albertans when we swing the door open on that one.

**Mr. Amery:** And when is that?

**Mr. Hayden:** We are scheduled for completion in 2011. It will manage to house in the neighbourhood of 800 people. Of course, everyone around this table will likely have the opportunity to be part of that. As I say, it'll be a proud, proud moment.

**Mr. Amery:** Is that done through the conventional way or the P3?

**Mr. Hayden:** No. This is a stand-alone project. It's conventional, but having said that, there are some very significant historical aspects to that building that absolutely have to be preserved, some amazing things. I refer to things like that there are six different types of marble in the entryway alone, and the art deco design is unbelievable. It's obviously a very structurally sound and strong building, but there's some amazing artwork in the sandstone. I don't know if there's something wrong with me that this sort of a project gets me so excited, but when I take a look at the building, the fossils are inside of some of the stone that's in there. It's just unbelievable.

**Mr. Amery:** My understanding is that your department has some long-term plans for the Legislature Grounds. Can you update us on that and if that is a priority?

**Mr. Hayden:** It is. We have budgeted for the planning portion for the grounds. There are a number of things that we're looking at. We have a true gem here, and we're working with the priorities of the city at the same time. Of course, Capital Boulevard is proposed to be a very main attraction in the city of Edmonton, and we along with the Leg. Grounds are an anchor of Capital Boulevard. We've got our planning process under way now. We see how Edmontonians and Albertans make use of and enjoy the green space on the grounds. This is truly an inner-city gem and landmark. I'm sure, as the members wander between buildings and back and forth to their meetings, they see Edmontonians and Albertans making use of the grounds all the time.

As part of that, we get surprises as the years go by. Something that you may find interesting is what I refer to as the wading pool out in front of the Legislature Building and our waterfalls. They were never designed for people to actually go in them. Of course, the community go in them all the time, so we've had to add chlorine to the water system for health reasons, obviously, and the chlorine is a little tough on the construction of those. So part of our plans going forward is to make the construction and the upgrade compatible with the public use that seems to be such an important thing to people.

**8:20**

We've started some discussions, too, about the possibility with our green space that will be out in front of the federal building and will be the anchor end above the parking lot. That will be green space. We've started some discussions about the possibility of a world-class veterans' memorial in that area. That would be just a beautiful anchor to the Capital Boulevard and would also offer something that this city really doesn't have, and that's a very nice parade ground to be able to remember the people that have served our country and fought for our freedoms.

So there are a number of good ideas through our planning process. We want to maximize green space as we go forward. That is under way now, and of course that'll be something that all members will have an opportunity to hear about and give input into as we go forward.

**Mr. Amery:** What is the estimated cost? Do you have any idea about the estimated cost of this project?

**Mr. Hayden:** No. That's what we'll be determining. There'll be options, obviously, when we see what possibilities there are for the redevelopments of the grounds and for the upgrades of the grounds and things that can be done. There'll be a number of components, and the government will have to look at the cost of those components and the situation that we're in financially and make a determination of how far we want to go and how quickly.

**Mr. Amery:** So would you say that is a priority for your department? I really do enjoy the green space and the scenery around the building, and I see the people dipping into the swimming pool. You know, I represent the constituency of Calgary-East, and you've heard me talking about the Peter Lougheed hospital, when we had to develop three floors and leave four floors undeveloped. So which one in your opinion is a priority, beautifying the scenery around the building here or finishing a hospital or a school in one of the ridings?

**Mr. Hayden:** Absolutely we're going to have to look at the priority list when we see what sort of investment would be required to the grounds. By the time we've done our studies, we'll be dealing with a new economic reality, and I'm not even going to pretend to predict what that economic reality means, what sort of recovery we would be looking at, because that's not my area of expertise.

The needs of Albertans, obviously, have to be considered first and foremost in however we move forward with our infrastructure spending, but at the same time – and comments have been made today – we can't ignore the government infrastructure needs, because those infrastructure needs are tied directly to the services that we provide to Albertans that they value, so we have to make sure that we move forward properly with what we need to do and what makes the most sense for the people that are employed by the province that provide the services to Albertans. Those all have to be put on the table along with all ministry programs to make sure that we get the best investment for the dollars and provide the services that Albertans need and also manage our infrastructure in a proper way.

We have infrastructure that's carrying a lot of age. We're in a building that falls in that category right now. A determination has to be made at some point because of the energy inefficiencies and some of the ongoing costs and maintenance requirements and different things. We have to make a determination when we move to a more sustainable infrastructure package. So those are some of the things that need to be considered on these grounds.

**Mr. Amery:** Thank you, Mr. Chairman.

**The Chair:** Thank you, Mr. Amery.

Mr. MacDonald, you're up.

**Mr. MacDonald:** Yes.

**The Chair:** Do you want to go back and forth with the minister?

**Mr. MacDonald:** Sure, if you don't mind.

The first question I have I want to get on the record before I forget. Earlier you indicated to us that for the land services line item on page 273 there were eight to 10 sites in Calgary that yet had to be purchased to complete the Stoney Trail section of the ring road. Could you provide the legal descriptions of those properties to us through the chairman to all members, please?

**Mr. Hayden:** I expect that we probably could. I don't have them at hand right now.

**Mr. MacDonald:** Okay.

**Mr. Hayden:** Just to put it in perspective, if the member doesn't mind, there were over a thousand parcels involved in those two projects in Calgary and Edmonton, so to get down to that point is actually nice.

**Mr. MacDonald:** Okay. I hope those individuals don't see this line item in the budget and realize that you had this cash set aside to hopefully finally acquire the needed land.

**Mr. Hayden:** There are processes in place to do it fairly.

**Mr. MacDonald:** There are processes in place. Okay.

Now, also we referred earlier to the fiscal plan, and I couldn't find this table. On page 72 of the fiscal plan the debt servicing costs are listed. I realize, again, this is in Education, but it is the financing costs for the Alberta schools alternative procurement, the 3Ps. Next year and the year after we are going to spend \$39 million in financing costs, so that's interest. I'm of the understanding this certainly would not be part of the progress payment for the 3Ps. How much of the money used to build these 18 schools is being financed and at what rate?

**Mr. Hayden:** Again, the financial arrangements with respect to the P3s are better answered by Treasury and by Education because they're not part of my budget or my estimates.

**Mr. MacDonald:** Okay. So the same, I guess, would apply on page 76 of the same fiscal plan. You have no idea – like, you're telling me this is a great deal, yet I'm seeing that the taxpayers are stuck here for \$39 million in interest payments for these 16 schools. Then we have the alternative financing, the liabilities, on page 76, indicating a substantial increase between the 2008-09 forecast and, certainly, the actual in 2007-08, which is \$190 million. We're going to \$653 million in these estimates. That's a lot of money. Again, where does this liability fit into the Fiscal Responsibility Act, the new version or the old version?

**Mr. Hayden:** No. What I'm saying and what I have said is that the cost comparators are put together and checked by third parties using accepted accounting principles and practices to compare the tender prices that come in on P3s against cost comparators that, as I say, are established and indicate accurate costs on conventional build. That's where I'm saying that we have our differences in price. That's where the savings of \$118 million are on the project that I'm obviously the most familiar with, which is the 18 schools.

**Mr. MacDonald:** Okay. Does the savings of \$118 million take into consideration the additional borrowing costs?

**Mr. Hayden:** That takes into consideration all financial indicators.

**Mr. MacDonald:** Okay. Thank you.

Now, on page 182 of the business plan for the Ministry of Infrastructure there's a reference to the 20-year strategic capital plan.

**Mr. Hayden:** Sorry. What page?

**Mr. MacDonald:** On page 182 there is reference to the 20-year

strategic capital plan. I'm surprised you haven't tabled this in the Legislative Assembly for the benefit of all members. But that is not my question: why haven't you tabled this? It's a very interesting read. I would like to turn to the schedules at the back. Mr. Amery from Calgary-East talked about the school facilities in Calgary. There's a schedule here dealing with completed school projects, new ones. I'm just going to find it, Mr. Chairman.

8:30

**Mr. Hayden:** If you could give me the page, that would be great.

**Mr. MacDonald:** Yes. I had it tagged here. It's on page 87 of appendix 2 of Alberta's 20-year strategic capital plan.

**Mr. Hayden:** Oh, I'm sorry. I don't have that before me.

**Mr. MacDonald:** Okay. But you make reference to it in your business plan, so I'm going to continue.

**Mr. Hayden:** Sure.

**Mr. MacDonald:** You probably know the answer to this question. Between 2003 and 2007 new school construction projects, completed projects, in Calgary 30 schools are listed. Between 2003 and 2007, those five years, there were 30 school projects completed at a cost of \$258 million. That's 30 schools. I know that times have changed, and steel and cement and labour and everything supposedly went up in price, but in appendix 2 on page 87 of your report you indicated that there was \$258 million already spent to construct 30 schools.

In Edmonton in sort of the same time frame, between 2004 and 2006, seven public schools and Catholic schools were completed or constructed for \$48 million. So my first question would be: why were there so many schools constructed in Calgary for that price and so few constructed in Edmonton when you consider that the student populations of both cities remained relatively static for those years if you look at their enrolment and if you add the Catholic school population in Edmonton to the public school population and also do the same thing in Calgary?

**Mr. Hayden:** I'm still searching for the question.

**Mr. MacDonald:** Okay. Why were there so many schools built in Calgary? Why were there 30 built in Calgary and only seven built in Edmonton?

**Mr. Hayden:** I would have to assume – well, it's obviously an Education ministry program issue as to what they consider to be their priorities. I would assume that it could have to do with the conditions of the schools that needed replacing.

There are a lot of Education projects on the go at any one time. Just as an indicator there are approximately 56 major school projects on the go right now between brand new schools and major modernizations, and the method used to determine that need, of course, is where the students are and where the condition dictates that schools need to be replaced.

I would suggest that we could probably pick any number of different periods of time where the balance might be the other way.

**Mr. MacDonald:** Well, I don't see this in your schedules to this 20-year strategic plan. These are new schools; these aren't modernizations or renovations. These are new schools.

In that same time period this government forced Edmonton public



and Catholic to close essentially 15 schools. At the same time that you were building these 30 in Calgary, other schools in Edmonton were being closed. I'm sure there was the odd one closed in Calgary in that time period, too. I find those numbers to be so different in your 20-year strategic plan that I was hoping I could get an explanation as to why the need was so much greater in Calgary than here in Edmonton.

This does not include the modernization projects. In Calgary there was \$41 million total provincial support. In Edmonton, again, on the major school modernizations projects there was \$34 million spent.

**Mr. Hayden:** Well, I would suggest that that would be a question that would be appropriate for the Education minister. In my ministry we receive the information from the ministries as to what they require for infrastructure, and that's what we provide. So the justification for why buildings are needed at certain times in certain areas would be better placed with the Education minister.

**Mr. MacDonald:** Okay. So you cannot provide me with an answer, and this is in your 20-year strategic capital plan, which is referenced several times in the business plan.

**Mr. Hayden:** It is the government's 20-year strategic capital plan, yes.

**Mr. MacDonald:** Okay. But it's to address Alberta's infrastructure needs, and it's certainly referenced in your business plan.

**Mr. Hayden:** Absolutely.

**Mr. MacDonald:** It's a good plan.

**Mr. Hayden:** Thank you.

**Mr. MacDonald:** Yes. It's a very good plan. It's the reason, of course, why we need Bill 19, in my opinion, a work-in-progress.

**Mr. Hayden:** I appreciate your support.

**Mr. MacDonald:** Well, I'm not going to say that.

I'm disappointed that I can't get an answer to that. There are many taxpayers in this province and many parents who have seen their neighbourhood schools closed, forced closures by the school board, yet we see this construction in Calgary and so little in Edmonton. There has to be a reason. I would appreciate it if I could get that reason from the hon. minister.

Now, getting back to the new annex or whatever you're going to call it, I certainly have noted the federal building up here.

**Mr. Hayden:** The new annex: interesting name.

**Mr. MacDonald:** Well, I don't think we're going to use that name; I'm going to take that off the record. Not the new annex.

Will that be a tendered process? The parking is already under way, as I understand it?

**Mr. Hayden:** Absolutely. It's a tendered process, yes.

**Mr. MacDonald:** Okay. There will be, hopefully, some changes. This room can be hot; it can be cold. It can be bright; it can be dark. It can be crowded; it can be sparse.

**Mr. Hayden:** It's going to be a facility that we're all going to be

very proud of, and it's going to serve our purposes very well. It's going to be a very healthy environment with proper lighting and elbow room.

**Mr. MacDonald:** Okay. At the risk of upsetting anyone further in Alberta finance, will the building just over the way be eventually removed?

**Mr. Hayden:** Yeah, those are considerations we obviously have to make. The federal building will more than accommodate the number of people that we have in this building and in the Terrace, as an example.

**Mr. MacDonald:** Okay. Well, I appreciate that. That's been a work-in-progress for some time.

**Mr. Hayden:** For many years.

**Mr. MacDonald:** Yeah. And the steam plant, the utility plant: there will no longer be a need for that either, will there?

**Mr. Hayden:** Depending on what we have for buildings. Obviously, the plants that we have down there supply the needs of our Leg. Building too, so we'll have to take a look at what's required. In many ways it's a blank canvas that we have to work with.

**Mr. MacDonald:** Okay. I'll look forward to having a look at that canvas as it's filled in.

**Mr. Hayden:** Thank you.

**Mr. MacDonald:** Now, I had some more questions with respect to the Swan Hills waste treatment plant. I don't see in the business plan a performance measure on the plant. What performance measures does the department have on this facility, and if you have them, why are they not included in this business plan?

**8:40**

**Mr. Hayden:** If we look at Swan Hills with respect to performance measures and what we receive in revenues in comparison to what the expenditures are, you can't make a business case based on the dollars and cents. The determination that we all collectively have to make as government is: what is the value to be able to dispose of hazardous materials and to have a facility like that available to us? Because of the serviceable life expectancy of that site we as government have to sit down and discuss how much further down the road we want to go with the operation of Swan Hills, and that's the consideration that we're looking at right now.

Just as an indicator – and it gives, I think, a very good indication – in 2004-2005 10,000 tonnes of waste was processed at a net cost to government of \$11.7 million. By '05-06 12,000 tonnes of waste was processed at a net cost of \$9.3 million. But because we've caught up on the PCBs, and that's slowing down, in 2006-07 8,000 tonnes of waste was processed at a net cost to government of \$15 million. In '07-08 we were down to 7,000 tonnes at a cost of \$22.5 million. As you can see, we're quickly approaching decision time on the future of that facility.

What I can tell you, Mr. MacDonald, is that I have been speaking and been in contact with people in Environment to see if anyone has an indication of other toxic liabilities, I'm going to call them, that might be out there so that we need to seriously consider keeping this plant or adapting the plant to meet those needs. When it comes to hazardous waste, the options available to us for disposing of it are

not many, and they can be very expensive, so we have to weigh all of that. We have absolutely been providing a service to our fellow Canadians, too, with Swan Hills over the years. There's no question that Canadians in general have received a great benefit from that facility, but going forward, it's something we have to look very closely at.

**Mr. MacDonald:** How much of the toxic waste that has been incinerated came from Alberta on a per-tonne basis, and how much came from either the rest of Canada or from America? Any idea?

**Mr. Hayden:** We can take a look. I don't know if I have a breakdown on that with me today. From the United States it would be very, very minimal. I don't even know what would be coming from there.

**Mr. MacDonald:** A truckload.

**Mr. Hayden:** Yeah. It could have been. Yeah, you could probably pack it in a station wagon.

With respect to the rest of Canada, you know, I'd just be guessing at this point.

**Mr. MacDonald:** So we're going to have to continue to subsidize this plant for the rest of its operating life through to 2018.

**Mr. Hayden:** Absolutely.

**Mr. MacDonald:** Okay. As the nuclear industry proceeds in this province, Swan Hills is not a part of the bigger picture there, is it?

**Mr. Hayden:** There isn't any application that I could see that would have anything to do with that industry.

**The Chair:** Okay. Thank you.  
Mr. Weadick.

**Mr. Weadick:** Thank you, Mr. Chair, and thanks, Jack. It's been really informative tonight. It's nice to hear that our buildings are in such good hands. I do have a couple of questions, and some of them are a little bit localized to Lethbridge. I hope you can help me. If you can't answer them tonight, I'm sure you can back to me later.

I want to talk for a little bit about the P3 from a different perspective. As you know, I come from Lethbridge, and when we watched the P3s roll out this year, we noticed that they were all built in Calgary and Edmonton. There was a fairly significant number of them in each of those locations. I'm wondering: does a P3 work as well in rural areas, where we might have two schools in Lethbridge and one in Medicine Hat and one in Lacombe? Can you still do P3s where they aren't all clumped together in one community, or is that not a viable alternative in those kinds of builds?

**Mr. Hayden:** ASAP 2, should it make sense to go forward, does include rural schools. They're not all clumped in one area. Yes, there is potentially a business case that could be made for them in different areas. But we're investigating, not just for P3s and not even specifically for P3s, because P3s are just one of the tools in the tool box, but looking at core design standards now with other ministries.

When I talk about Lethbridge, as an example, I'm going to step away from the schools discussion and focus for a minute on some of the other opportunities like seniors' housing, seniors' lodges. Core design appears to have some very good potential there. With our

seniors' population doubling over the next 20 years, that is going to require a concerted effort on the part of government to look after the lodge needs and housing needs of those seniors. The possibility needs to be investigated with communities in southern Alberta.

I'll use your example. There's a possibility that there might be five, six, eight different facilities around southern Alberta where advantage could be taken of getting away from some of the mobilization costs, some of the design costs that make up such a high percentage of the end price of our facilities, the economies of scale that we talked about before. P3, obviously, would be one of the tools that you would have to take a look at. If it made a good business case to look at that, we would have to look at it. I don't think that there's any real deterrent.

Obviously, if you're building nine schools in Edmonton, like we are right now, there are mobility advantages because of the proximity of those buildings and the ability for the trades to move back and forth between the different facilities to advance them where it makes the most sense. We always have lost a little bit of that in rural and remote Alberta just because of mobilization costs and times involved.

**Mr. Weadick:** That leads to probably the next area. It may or may not be a big concern, but I would hate to in a rural area have to wait till we had enough need within a region to build eight facilities when we may have a very strong need for one or two now, but that wouldn't work. I would hope that we would make the decisions differently than that. I'm sure we would.

Having talked a little bit about that, when you talk core design, you're talking of kind of a standardized design like we have done in the schools, and you're looking at some others. Have we had much of a look at those to see if the standardization is creating efficiencies? Are we measuring them in some way to know how much more efficient they are to build and to operate?

**Mr. Hayden:** Yes, because the performance requirements are built right into the design. When we talk about efficiencies, we can talk in a number of areas. When we're talking a number of projects, there are the advantages that we get with the number. You know, I mentioned that with core design we can build 70 schools, where by conventional means we could only build 56. So there's that.

There's the other predictability on efficiencies that I always like to stress. You've heard me beat on this drum before. There's the up to 45 per cent more energy efficient. There's the better use of natural light for a healthier environment for, in the case of schools, the students and the staff. I mean, there is all kinds of evidence out there to indicate that the performance of students and the performance of staff is greatly enhanced by a healthier work environment. Those advantages are transferable into seniors' lodges for a higher quality of life for our seniors and for the people that work with them. The same with our health facilities. So, yeah, there are some very measurable advantages.

8:50

It would be nice to take credit for it, but it's not really all that new and unique an idea. My elementary school is still standing, and it's still teaching elementary students, surprisingly enough. You know, that was quite awhile ago that I was in elementary school. Something that I noticed is that the community that my brother lives in has an exact, identical elementary school to the one that I went to, and they're both still in operation in Calgary and serving the needs of the community. There's a prime example of an original core design. Now, the efficiency in those schools, I expect, is probably horrendous.

**Mr. Weadick:** Are the hitching posts in the same places on both as well?

**Mr. Hayden:** Yes. Actually, they haven't moved the hitching posts. Thank you for that.

**Mr. Weadick:** I just thought I'd check and see.

LEED standard. I've heard that we're shooting for silver – I think that's great – and getting some gold. There was some discussion earlier – and I'm not sure where it's at, Jack – that some Alberta products, including lumber, may or may not be able to be used in LEED's gold. Could you just clarify where we're at with local products and how they fit in the LEED standard? I know that if we're going to move in that direction, a lot of the suppliers and people in Alberta will be concerned about what kind of products we can use.

**Mr. Hayden:** Absolutely. What we've done with our contracts now is that there are certain points to achieve LEED standard that you get from, obviously, doing different things right. One of the ways to achieve points towards the LEED standard is the use of locally produced products. We have not left that optional. We've made that mandatory. It's mandatory that the LEED points be achieved in that category for using locally approved products. I think that's a real good sign of support to Alberta industries.

**Mr. Weadick:** Having said that, then, lumber being milled in Alberta can be used in a LEED silver or gold facility that we're building?

**Mr. Hayden:** Absolutely.

**Mr. Weadick:** Perfect. That's good. I had it brought up a couple of times, and I just wanted to make sure that we could.

A very specific issue. We've been talking a lot about Bill 19 and ring roads. As you know, we've got a ring road project going just outside of Lethbridge, kind of right on the edge of my riding and right on the edge of Barry's. It's a wonderful project. It's going to create a piece of the Canamex that will bypass the city of Lethbridge, straighten out the highway. We're looking very much forward to it. I believe it's within the 20-year window, but it isn't within the 10-year window.

I had a call this week from a gentleman that I happen to know that lives just outside of Lethbridge on that stretch, and he had approached Alberta Transportation or your department – I don't know who he talked to last year – and asked them: "I want to sell my land. I'm ready to go. I'm getting older. I don't mind maybe leasing it back for a little bit, but you've told me I can't build here, and I can't do some things. I want to sell it." They said: "We can't buy it. Come back next year, and we'll be able to purchase two or three of these projects." What's the status for landowners in that project or others if they want to sell their land once it's been determined that they're on the rights-of-way? If you could explain that for me.

**Mr. Hayden:** That would be, of course, a project that's under Transportation at the present time. I need to be a little careful here to stay with protocol in a way that we can go forward. Obviously, there's a bill before government, for consideration right now, that takes into consideration the wishes of people to be able to be compensated at their triggering. That's not something that we've enjoyed in the past. I really am not in a position to answer that.

**Mr. Weadick:** Okay. Let me ask a couple of simple ones, then.

Would that project fall under this bill, if it does get approved, or is it something that happened prior and we'll continue through the process as it is now, or do you know that?

**Mr. Hayden:** I don't know any of the particulars on it, but just from what you've told me, I would say that's something that's already in the system.

**Mr. Weadick:** Okay. Then let me ask the question: would the budget item to purchase that land, wherever it is, be in the Transportation budget or in the Infrastructure budget?

**Mr. Hayden:** We acquire land on behalf of Transportation. We've done that with the Calgary ring road and the Anthony Henday. I'm not familiar with this particular project, but I could certainly look into it for you.

**Mr. Weadick:** That's probably good enough. I just wanted to get an idea. The gentleman has been told that they'll have a positive get-together this year, so I think that's good enough.

**Mr. Hayden:** That's good.

**Mr. Weadick:** I wanted to ask you a little bit – we've got a unique project going on in Lethbridge. It's a public high school, a Catholic high school, and a city library all being built as part of one project. I believe you're overseeing at least a major part of that project. I don't believe it's a P3, but how has it gone with that relationship, trying to work with three different owners, one facility, one building? What can you tell us about that, and do you think we'll be doing more of that?

**Mr. Hayden:** It's gone very well. We've got some real success stories out there. As a matter of fact, I was at a sod-turning. It was a ceremonial sod-turning because the ground was a little tough to get a shovel into, so the sod-turning took place on this gymnasium stage in a school. It's a facility that is going to house two schools under one roof, and the community is very excited about it. It's going to allow them to share the use of things like gymnasiums and libraries. This is something that is really catching on. Of course, our ministry can handle the overall projects and does handle the overall projects in many cases. In some cases we just provide the oversight to people that don't have, maybe, the capacity to put a project of that type together.

I've heard of several projects this year. We have a number of proposals before us now, but they're coming through the program ministries, proposals for joint use. It's not just two schools together. It could be public libraries. It can be recreation facilities. There are all kinds of possibilities.

**Mr. Weadick:** Excellent. The one in Lethbridge with the Catholic and the public together: has it worked fairly well? I know that sometimes with different jurisdictions it can be a little bit trickier to build. I'm just wondering if you've had – and if we're on schedule with that one.

**Mr. Hayden:** I'm not aware of a problem at all with it.

**Mr. Weadick:** I haven't heard of any, either, but I just wondered if internally – it seemed to have gone pretty smooth.

**Mr. Hayden:** I would have heard. If there was a problem, I would have heard, so I'm assuming it's going ahead well.

**Mr. Weadick:** Awesome. We're building a new radiation treatment facility at the hospital in Lethbridge, and I think you guys are running that project as well. Is that one that goes through your department?

**Mr. Hayden:** Probably a lot of the design and oversight of the project would.

**Mr. Weadick:** But it's more of a Health project?

**Mr. Hayden:** Yeah. We work in a supportive fashion on additions to a lot of health facilities, all infrastructure facilities that include government support and funding.

**Mr. Weadick:** I have a question partially to do with that project and another one that's proposed for the Lethbridge project. One piece of the project that's absolutely critical to get the project off the ground but that we can't get funding for is the parking structure. I'm wondering if that comes under your budget, if that's a part of the Health budget, or where something like that would fall to build a parking structure associated with a health facility.

**Mr. Hayden:** Yeah. It is a responsibility of Health to take a look at the needs of their projects, but parking is not fundable under the Health budget or under our budget. When you look at the parking facilities at a lot of the major hospitals, they're self-supporting, actually, financially. In some areas, like your community as an example, I would expect that it would be a challenge to do a self-supporting parking facility.

9:00

**Mr. Weadick:** The value of parking isn't high enough yet to support it, but you need the parking. So we're kind of at a standstill, where we're going to have to have some help.

**Mr. Hayden:** We've never funded parking.

**Mr. Weadick:** Yeah. I appreciate that.

With all the projects you've been talking about in your budget, what are you seeing from the economic climate right now? Are there pluses, minuses? What's going to happen over the next 18 months or this budget year even? What are you sort of building in from an economic perspective?

**Mr. Hayden:** We have some very good indicators. I'm not going to get into specific numbers other than to say that for things like steel, we have indicators now that it's 27 per cent below last year's costs. In some cases concrete is half the cost that it was last year. We have enough work coming in now that is showing an absolute trend, and it indicates that we're going to get amazing value for our money.

I spoke with the Calgary Chamber of Commerce last Friday morning. There were a number of people from the building industry that were there, and I had an opportunity to speak with some of them afterwards. That industry is eager for work, and it's very competitive. We're seeing situations where maybe one or two tenders would have come in on a project a year ago, and now there are 18 coming in. That will give you an indication of the competitiveness of the market out there.

**Mr. Weadick:** Well, it may help some communities that couldn't even get one bid on projects. It may provide an opportunity for some of the smaller communities to get some interest in their infrastructure.

**Mr. Hayden:** It already is, yeah.

**Mr. Weadick:** That's great.

Just to change direction a little bit, in our neck of the woods there's a project under way, the Brooks crop diversification centre. Any idea on the status of that? It's a production greenhouse and a crop diversification centre, and I know it's linked in with the ag centre in Lethbridge as well. Do you have any information on that, Jack?

**Mr. Hayden:** Yeah. The construction is on track. Completion is expected by the end of 2009. The total budget on the project is just over \$17 million, but this year there will be a \$6 million investment in it.

**Mr. Weadick:** Great. Thanks, Jack. They'll be happy to hear in Brooks that it's right on track.

I think you talked a little bit about it, but maybe just fill me in: what's going to be the impact on your budget of the natural gas rebate program disappearing?

**Mr. Hayden:** Of course, the program is gone now. I did quote the number a little bit ago. I think it was a difference of around \$300 million. Of course, even if the program was in place now, it didn't trigger until \$5.50, so if things continue gas price wise, the same effect would have been there except that we'd have been budgeting for it.

**Mr. Weadick:** So there's a \$300 million saving. But did we receive funding on the program for our buildings so that if we were burning gas, we would have seen some rebate flow back into our 1,800 buildings in support of the operating costs as well?

**Mr. Hayden:** Yes, we did, I'm told. We did qualify. That number – let me correct it – is a difference of \$227 million from last year. It's decreased.

**Mr. Weadick:** So if prices go up, we may actually not be getting the rebate as well. We're in it together, I guess, is what you're saying.

**Mr. Hayden:** Just for clarity, the program has been discontinued. It was on a review schedule and was due for review in March of this year. But the legislation is still in place for a program to be put in place that might be more focused or whatever should that become necessary or when that becomes necessary.

**Mr. Weadick:** Just as one of my final ones, I noticed that there's quite a significant investment in capital in Swan Hills going forward I think last year and this year again.

**Mr. Hayden:** Yeah.

**Mr. Weadick:** If we're seeing reduced amounts of waste, do you see us having to continue that for quite some time, or is this kind of the end of the investment? What do you see that plant doing in the future?

**Mr. Hayden:** We're closing in on decision time now. The use is going down. Some of the considerations that have to be looked at are things like the number of transformers in the province that are still up on poles with PCBs in them. So we'll have to decide.

**Mr. Weadick:** Thanks very much.

**The Chair:** Mr. MacDonald.

**Mr. MacDonald:** Yes. Thank you. In the business plan the performance measures seem to change. I guess we'd have to consider the fact that so much of previous years' performance measures relates to Transportation. But the performance measures for goal 1 in the business plan – and this is on pages 183 and 184 – relate to the quality of public infrastructure in Alberta: hospitals, schools, and postsecondary institutions. Your table on page 184 of the business plan shows the last actual measure of the physical condition of health, school, and postsecondary facilities. If we go into the 20-year strategic plan, your ultimate objective is to have 95 per cent of them in the first two categories, good or fair, which I think is going to cost you a lot of money, and I hope you have it at some point.

One thing that jumps out immediately to me is that almost 10 per cent of health facilities and 10 per cent of our postsecondary institutions require upgrading to comply with minimum codes or standards, and deterioration has reached the point where major repairs or replacement are necessary. We know what the Auditor General had to say about this going back through to 2006. He had a major chapter on our infrastructure and what we needed to do to fix it. Since this infrastructure doesn't meet the minimum codes, does the department consider this to be a serious health and safety risk?

**Mr. Hayden:** Actually, just for clarification, our buildings all meet code. We need to be careful what sorts of words we use. They all meet code, and code is required for the safety provision with respect to the environment that people are in. I indicated earlier – and actually at the time that I was talking about it, I didn't have this page in front of me – that we absolutely do have a concern with the postsecondaries because of the high percentage that are rated in the bottom category. The health facilities, as you see there, are not quite like the postsecondaries. Our go-forward plan is to move those numbers up and move them up quite dramatically by 2011-2012. As with everything, we'll have to take a look and see what kind of shape everybody is in economically, globally, and what sort of pressures we have. If things get better than we expect, maybe we can address some of those needs more quickly.

**Mr. MacDonald:** Okay. Well, I would with all due respect take exception to your response, and I would refer you to note 1 at the bottom of page 184. It's clear in your business plan that the definition of poor means that upgrading is required to comply with minimum codes or standards, and deterioration has reached the point where major repairs or replacement are necessary. That indicates that under the definition of "in poor condition," whether it's a school, a health facility, or a postsecondary facility, they're not complying with the minimum codes or standards.

**Mr. Hayden:** Yeah. We will need to move forward so that we can meet all codes. I'm not aware of any order on my desk now where there's a noncompliance issue. That's all I'm saying.

**Mr. MacDonald:** Okay. That's fair.

**Mr. Hayden:** Obviously, we have to do that work on the condition in order to comply as we go along, and we're not going to do that if we don't get improving these ones in the poor category.

**Mr. MacDonald:** Is there a list? Through the minister's office, through the chair and the clerk to all the hon. members, is there a list

of health facilities that you could provide us that are in fair condition and in poor condition, also for the public school facilities and the postsecondary institutions?

**9:10**

**Mr. Hayden:** Absolutely. All of the buildings in all of the different program ministries are listed on an individual basis, and they're done on a rotational inspection so that we've got up-to-date information on every facility.

**Mr. MacDonald:** Okay. And you will provide that list to all hon. members through the chair?

**Mr. Hayden:** I don't think that there's any problem. As far as I know, they're public. Yes, they are; they're on the website. They're there right now.

**Mr. MacDonald:** Where are they on the website?

**Mr. Hayden:** We'll give you the address.

**Mr. MacDonald:** Okay. I appreciate that. That would be interesting to see. I hope there are none of them in Edmonton-Gold Bar.

**Mr. Hayden:** It's riveting reading.

**Mr. MacDonald:** Yeah. Now, if you have not seen a compliance report or whatever you want to call it on your desk, I can assume that no one is at risk here, whether it's staff, patients, or students.

**Mr. Hayden:** Not that I'm aware of, no.

**Mr. MacDonald:** Okay. Now, the next performance measure here that I would like to look at is on page 185, if you don't mind, and it's 2(a), government-owned and -operated facilities. This indicates to me that the government is planning for government facilities' conditions to slightly deteriorate over the next few years despite the hundreds of millions of dollars that we have allocated to have them repaired or renovated. How much would it cost to keep at least the status quo? For instance, I'm looking at the percentage here in 2007-08, 59 per cent in good condition. For this year it's gone down to 55 per cent, and it's going to be 54 per cent in the next respective fiscal year. How much would it cost just to stay afloat on this?

**Mr. Hayden:** You know, we're investing and have budgeted approximately \$10 million this year to move towards it. I don't really have a figure at my fingertips to maintain the level, but I see as I look at the scale that we still predict keeping our government buildings in the two top categories and, in fact, reducing the poor percentage by 1 per cent. But, absolutely, I hear from my department people about the need to invest in maintenance to bring our standards up all the way through.

**Mr. MacDonald:** Okay. I should know this from Public Accounts, but I've forgotten. What percentage of the budget should we be allocating as a rule of thumb on a yearly basis for ongoing maintenance of these facilities?

**Mr. Hayden:** Of our 1,800 buildings?

**Mr. MacDonald:** Yes.

**Mr. Hayden:** I'm just trying to remember that number now. Okay.

One and a half to 2 per cent of replacement value is about the proper measure for maintenance.

**Mr. MacDonald:** Okay. I appreciate that. So we don't have any idea what it would cost to start improving these facilities. Just to maintain them is . . .

**Mr. Hayden:** One and a half to 2 per cent.

**Mr. MacDonald:** Okay. Thank you. What is the minister's target when you compare – and we'll do the Minister of Transportation. The hon. Minister of Transportation has said that he wants highways in an 80 per cent good, 15 per cent fair, and 5 per cent poor ratio. Is this a target that this ministry and this minister would follow the lead on from Mr. Ouellette?

**Mr. Hayden:** I would love to. I would love to, but in fairness it's going to take us a while to get to those types of levels. The target of 90 per cent of the industry standard is an optimal level of performance. We're looking right now at an increase compared to industry standards in our investment in maintenance. We need to move it up more.

**Mr. MacDonald:** Okay. The term "infrastructure deficit" means the extent to which we need to update buildings that have a limited or an engineered lifespan. Much of this province's infrastructure was built during Mr. Lougheed's era, some 30 years ago. Replacing it will cost a considerable amount of public money. The infrastructure deficit reflects the pressing need. What is the current provincial infrastructure deficit? I know that in the past we heard a number from Dr. Oberg, and then we heard from other members. What is the total infrastructure deficit, not just the amount that's in deferred maintenance?

**Mr. Hayden:** Of course, there are different calculations that go into what you might consider a deficit. With the type of increases in population that we've been experiencing, there would be some that would argue that we have a deficit of public infrastructure at the start of every year equivalent to a city the size of Red Deer, with a hundred thousand people or in that area moving into the province. When you talk about maintenance, an infrastructure deficit with respect to maintenance, of course, we look at the conditions of our buildings, and that's one indicator. Those that need replacing fit into the condition indicator, but can they be major modernizations, or are we talking full replacement? I suppose that's a question.

Having said that, we are, even this year, investing at two times the per capita investment of I'll say our closest rival in the entire nation as far as making an effort towards infrastructure. It's a very big commitment on the part of this province right now.

**Mr. MacDonald:** Do you have any idea when it will be paid off under your current projections?

**Mr. Hayden:** More specifically?

**Mr. MacDonald:** The infrastructure deficit.

**Mr. Hayden:** I suppose there are an awful lot of factors that would come into that like the number of people that move into the province, the amount of activity that's taking place. Obviously, we'd like to see it in the amount that we are able to invest in upgrading infrastructure. At the moment we're investing at twice the rate of anywhere else, our next closest province, but I can't really give an

indication as to a date without knowing what we're going to see in increased population.

**Mr. MacDonald:** Okay. Thank you for that.

Last year in estimates debate for this ministry it was indicated that the deferred maintenance was around \$200 million. The Auditor General's report for 2006-07, which I referenced earlier, on page 53 made it clear that the total deferred maintenance backlog on all provincially maintained infrastructure is in the billions of dollars. The Auditor General also said that he couldn't give an exact figure because the figures weren't being kept, or at least he couldn't find them. Can the minister please tell us what the exact amount is this year?

**Mr. Hayden:** It is \$200 million, but that's for government-owned buildings only.

**Mr. MacDonald:** Government-owned buildings?

**Mr. Hayden:** That's correct.

**Mr. MacDonald:** Does that include the SUCH sector?

**Mr. Hayden:** That's the 1,800 buildings that are all strictly provincial government owned. We, obviously, have a stake in an awful lot of infrastructure in this province to one degree or another. You know, some are fully supported by government when we talk about buildings like schools or health facilities, but we have a percentage stake in things like seniors' lodges and a number of different areas. For strictly government-owned buildings, the 1,800 buildings that I'm referring to, that's \$200 million.

**Mr. MacDonald:** Okay. But much of the SUCH sector would not be included in that.

**Mr. Hayden:** All other sectors would fall outside of that. Anything that's government-supported would fall outside of the 1,800 buildings that I'm referring to.

**Mr. MacDonald:** Okay. Thank you.

Now, has the department or the government taken better steps to have a full and accurate measure of all the deferred maintenance, and if not, why hasn't the ministry acted yet on addressing this lack of knowledge?

9:20

**Mr. Hayden:** Actually, we do, and that's what's posted on the website. We do a rotational evaluation of all government buildings and all program-supported buildings – health, postsecondary, and education – and I'm going to supply you with that site so that you will be able to look at each and every individual building.

**Mr. MacDonald:** Okay. I appreciate that. On that site I can find what the total amount is?

**Mr. Hayden:** I don't know if it breaks it out into totals, but it's all there individually.

**Mr. MacDonald:** Okay. Going back to the first page of your business plan, I'm a little bit confused by this. You indicate, you know, that the ministry works with partners and stakeholders to, among other things, manage the Edmonton and Calgary transportation and utility corridors and the Swan Hills waste treatment plant.

So for the Henday Drive you manage everything that goes up, and if it goes out, Mr. Ouellette does it.

**Mr. Hayden:** Yeah. I have buildings. Mr. Ouellette has roads, water, and waste water.

**Mr. MacDonald:** Everything else that's flat. Okay.

**Mr. Hayden:** He wanted me to have dams, but I explained that once they're full, they're flat.

**Mr. MacDonald:** Now, what work do you do with other groups or stakeholders to manage the Edmonton and Calgary transportation and utility corridors? That includes the ring roads, right?

**Mr. Hayden:** My ministry's responsibility with respect to the ring roads is the acquisition of land for them. That's the management component. We do work with other ministries for what uses go into those, but Transportation looks after the transportation portion of it.

**Mr. MacDonald:** Okay. Any of the cleanup or the grass or noise abatement projects?

**Mr. Hayden:** Those are all part of Transportation's budget.

**Mr. MacDonald:** That's all Transportation.

**Mr. Hayden:** Yes.

**Mr. MacDonald:** Okay. Now, I have a few more questions. I don't know how much time we've got left, Mr. Chairman.

**The Chair:** You've got two minutes and 30 seconds.

**An Hon. Member:** Do you want to cede the floor?

**Mr. MacDonald:** No.

I have some questions regarding the capital plan and your role in all of that. What percentage of the total capital plan is administered by your department?

**Mr. Hayden:** For Infrastructure it's 6 per cent between 2009 and 2012 in the three-year capital plan, \$1.4 billion.

**Mr. MacDonald:** Okay. How do you divide that 6 per cent up?

**Mr. Hayden:** That's 6 per cent of the overall plan. That's reflected in my ministry's budget on the capital portion.

**Mr. MacDonald:** Okay. But what percentage is for postsecondary facilities?

**Mr. Hayden:** Those are not in my ministry. The capital funding for postsecondary, education, and health care right now is part of their budgets.

**Mr. MacDonald:** So is that a discussion that would be at Treasury Board? How does that work?

**Mr. Hayden:** Yes. With respect to individual projects, of course, there are ongoing conversations about the best way to achieve the best efficiencies in delivery. For certain projects that are at risk because of capacity issues, as an example, those responsibilities

along with some funding could come through my ministry, but at the present time the only thing that's indicated in the three-year capital plan, that's indicated directly into my ministry's budget is the \$1.4 billion, or 6 per cent of the overall capital plan for the three years.

**Mr. MacDonald:** Okay. If it's \$1.4 billion over three and we're looking at \$7.1 billion now, do you still get 6 per cent of that?

**Mr. Hayden:** It's \$7.2 billion. It's around \$23 billion out three years.

**Mr. MacDonald:** Okay.

**The Chair:** Excuse me. Usually I'd let you go ahead, but we're down to our last four minutes, Mr. MacDonald. I'll turn the floor over to Mr. Allred for a couple of questions.

**Mr. Allred:** Well, Mr. Chairman, in view of the time I certainly won't ask a couple of questions. I'll just ask one very quick one.

Unfortunately, our hon. member from Missouri has gone home. He was trying to get into a philosophical debate on P3s, that perhaps the government could run a P3 themselves at a cheaper rate by eliminating the profit margin. In that context I would just like to ask the hon. minister how much it would cost or how much it does cost and how long it would take to replace a simple overhead door in the parking garage.

**Mr. Hayden:** Well, I want to thank the hon. member for that question. I don't know. I could probably use an overhead parking door that the government of Alberta owns as an example. I understand there are repairs under way right now. I would also suggest that rather than there being a problem with the overhead doors, it's more a case of a problem with the foot on the brake not being applied quickly enough. While I know you're not responsible, it's probably somebody you know.

**The Chair:** Any other questions? We still have two minutes and 56 seconds left.

**Mr. Xiao:** I've got a few questions.

**The Chair:** You have to wait, Mr. Xiao. I have to turn the floor over now to Mr. MacDonald again.

**Mr. MacDonald:** Yes. I've been watching that progress on the door. There's a big crew there today.

Why is your department buying the land for the utility corridors or the ring roads if the ring roads are under the control and the direction of the Ministry of Transportation?

**Mr. Hayden:** We, of course, do more than just that with land. We look after the land assets of the province within a number of communities. It's basically just a function of government, and it's a function of my ministry to do the acquisitions. There are two ministries, actually, that manage land and deal in land. SRD is one, and my ministry is the other. We have requests on land from municipalities and communities quite often. It can be anything from gravel pits, as an example, to any number of things. Two-thirds of the province of Alberta is public land.

**Mr. MacDonald:** Last year you spent \$113 million in land services. In the 2007-08 report there was an overexpenditure of \$70 million. You're anticipating this year to spend \$46 million, I think. Is this

land that you're purchasing for the outer ring roads around Edmonton and Calgary and the ring roads the hon. member talked about for Lethbridge, Red Deer, Medicine Hat, Grande Prairie? Airdrie, I think, is another one.

**Mr. Hayden:** There is no purchasing program in place for an outer ring road at this point. There has been lots of discussion, obviously. It's anticipated that if the province continues to experience the type of growth that it has in the past, that will become a necessity. But the types of lands that we would purchase, without getting into a discussion that would compromise anything that's taking place in the House – the types of things would be very large scale that my

ministry would get involved in and very long term down the road.

**The Chair:** Sorry to interrupt you, Mr. Minister. I'd like to thank everyone. I must advise the committee that the time allotted for the item of business has concluded.

I would like to remind committee members that we are scheduled to meet again tomorrow evening to consider the estimates of the Department of Finance and Enterprise.

Pursuant to Standing Order 59.01(2)(a) this meeting is adjourned. Thank you very much.

[The committee adjourned at 9:30 p.m.]





