



Legislative Assembly of Alberta

The 29th Legislature  
Third Session

Standing Committee  
on  
Public Accounts

Treasury Board and Finance

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**Legislative Assembly of Alberta  
The 29th Legislature  
Third Session**

**Standing Committee on Public Accounts**

Cyr, Scott J., Bonnyville-Cold Lake (UCP), Chair  
Dach, Lorne, Edmonton-McClung (NDP), Deputy Chair

Barnes, Drew, Cypress-Medicine Hat (UCP)  
Carson, Jonathon, Edmonton-Meadowlark (NDP)\*  
Fildebrandt, Derek Gerhard, Strathmore-Brooks (Ind)  
Fraser, Rick, Calgary-South East (Ind)  
Goehring, Nicole, Edmonton-Castle Downs (NDP)  
Gottfried, Richard, Calgary-Fish Creek (UCP)  
Littlewood, Jessica, Fort Saskatchewan-Vegreville (NDP)  
Luff, Robyn, Calgary-East (NDP)  
Malkinson, Brian, Calgary-Currie (NDP)  
Miller, Barb, Red Deer-South (NDP)  
Nielsen, Christian E., Edmonton-Decore (NDP)\*\*  
Panda, Prasad, Calgary-Foothills (UCP)  
Piquette, Colin, Athabasca-Sturgeon-Redwater (NDP)\*\*\*  
Renaud, Marie F., St. Albert (NDP)  
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\* substitution for Nicole Goehring

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## **Standing Committee on Public Accounts**

### **Participants**

#### Ministry of Treasury Board and Finance

Lowell Epp, Assistant Deputy Minister, Treasury and Risk Management  
Darren Hedley, Assistant Deputy Minister, Strategic and Business Services  
Mark Parsons, Assistant Deputy Minister, Economics and Fiscal Policy  
Lorna Rosen, Deputy Minister

#### Public Service Commission

Lana Lougheed, Deputy Minister



**8:30 a.m. Tuesday, December 12, 2017**

[Mr. Cyr in the chair]

**The Chair:** Good morning. I'd like to call this meeting of Public Accounts to order and welcome everyone who is in attendance.

My name is Scott Cyr. I'm the MLA for Bonnyville-Cold Lake, and I am the chair of this meeting. I would ask that the members, staff, and guests at the table introduce themselves for the record, starting with my right.

**Mr. Dach:** Lorne Dach, deputy chair, MLA for Edmonton-McClung.

**Mr. Panda:** Good morning. Prasad Panda, MLA, Calgary-Foothills.

**Mr. Gotfried:** Good morning. Richard Gotfried, MLA, Calgary-Fish Creek.

**Mr. Barnes:** Good morning. Drew Barnes, MLA, Cypress-Medicine Hat.

**Ms Lougheed:** Good morning. Lana Lougheed, deputy minister, Public Service Commission.

**Mr. Epp:** Good morning. Lowell Epp, Treasury Board and Finance.

**Ms Rosen:** Good morning. Lorna Rosen, Treasury Board and Finance.

**Mr. Hedley:** Good morning. Darren Hedley, Treasury Board and Finance.

**Mr. Parsons:** Good morning. Mark Parsons, Treasury Board and Finance.

**Mr. Ireland:** Good morning. Brad Ireland from the Auditor General's office.

**Mr. Saher:** Merwan Saher, Auditor General.

**Ms Luff:** Robyn Luff, MLA for Calgary-East.

**Ms Renaud:** Marie Renaud, St. Albert.

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

**Mr. Carson:** Good morning. Jon Carson, MLA, Edmonton-Meadowlark.

**Mrs. Littlewood:** Good morning. Jessica Littlewood, MLA for Fort Saskatchewan-Vegreville.

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

**Dr. Massolin:** Good morning. Philip Massolin, manager of research and committee services.

**Mr. Roth:** Good morning. Aaron Roth, committee clerk.

**The Chair:** Mr. Piquette, can you announce yourself for the record, sir?

**Mr. Piquette:** Colin Piquette, MLA, Athabasca-Sturgeon-Redwater.

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

The following substitutions are noted for the record: Mr. Carson for Ms Goehring, Mr. Piquette for Ms Miller, Mr. Nielsen for Mr. Westhead.

A few housekeeping items to address before we turn to the business at hand. The microphone consoles are operated by the *Hansard* staff, so there's no need to touch them. Committee proceedings in audio, video are streamed live on the Internet and recorded by *Hansard*. The audio- and video stream and transcripts of the meeting can be accessed via the Legislative Assembly website. Please set your cellphones and other devices to silent for the duration of the meeting.

Moving on to our next point, approval of the agenda. Are there any changes or additions to the agenda?

Dr. Turner.

**Dr. Turner:** I missed the introductions. Bob Turner, MLA, Edmonton-Whitemud, present.

**The Chair:** So we'll add Dr. Turner to the agenda. I'm joking.

Are there any changes or additions to the agenda? Okay. Seeing none, would a member like to move that the agenda for the December 12, 2017, meeting of the Standing Committee on Public Accounts be approved as distributed? Mr. Panda. Any discussion on the motion? All in favour? On the phones? Thank you. Any opposed? Thank you. The motion is carried.

Moving on to the approval of the minutes, do members have any amendments to the December 5, 2017, minutes? If not, would a member move that the minutes of the December 5, 2017, meeting of the Standing Committee on Public Accounts be approved as distributed? Mrs. Littlewood. Any discussion on the motion? Seeing none, all in favour? Any opposed? On the phone? Thank you, Mr. Piquette. This motion is carried.

I would like to welcome our guests, who are here on behalf of Treasury Board and Finance and the Public Service Commission to discuss the ministry annual report for 2016-2017 and the outstanding recommendations from the Auditor General. Members should have the research report prepared by research services, the Auditor General briefing document, as well as the status of the Auditor General recommendations document completed and submitted by the ministry.

I invite the deputy minister of Treasury Board and Finance and the deputy minister of the Public Service Commission to provide opening remarks not exceeding 10 minutes. Please proceed.

**Ms Rosen:** Thank you and good morning. I appreciate this additional opportunity to discuss the Treasury Board and Finance 2016-17 annual report and the status report on outstanding recommendations from the Auditor General. We will address any questions we have regarding the Treasury Board and Finance ministry.

I have some brief remarks first, starting with introductions. Joining me at the table today are Lana Lougheed, deputy minister and Public Service Commissioner; Darren Hedley, assistant deputy minister for strategic and business services for Treasury Board and Finance; Lowell Epp, assistant deputy minister for treasury and risk management division for Treasury Board and Finance; and Mark Parsons, assistant deputy minister, economics and fiscal policy for Treasury Board and Finance. There are also several senior management staff with me today from the Department of Treasury Board and Finance, the Public Service Commission, the Alberta Gaming and Liquor Commission, ATB Financial, and the Alberta Investment Management Corporation.

At the committee's October 31 meeting I provided a brief overview of the Treasury Board and Finance annual report. Today

I will focus on Treasury Board and Finance's 19 outstanding recommendations by the office of the Auditor General and detail how our ministry is working to implement them. We work with the OAG to implement the recommendations made by the Auditor General. Some recommendations are straightforward and are implemented quickly. However, many are more complex and require more time. Some recommendations require significant process and sometimes system changes, and in a time of spending restraint we need to address these recommendations within current resources. The office of the Auditor General typically allows up to three years to implement a recommendation. It then takes another year or so for the OAG to perform a follow-up audit. The majority of our outstanding recommendations are within this time frame and are being implemented with no additional resources.

The first recommendation I will highlight is regarding the chief executive officer compensation disclosure. This recommendation from October 2008 was deemed no longer relevant due to legislative changes and was withdrawn by the OAG. The Reform of Agencies, Boards and Commissions Compensation Act improved the transparency of Alberta's public agencies by disclosing compensation information for executive contracts.

The next three recommendations concern budget spending and performance measurement. Significant work is being done in regard to these recommendations, and all are close to completion. First, in July 2012 the OAG recommended the improvement of the ministry annual report process. Treasury Board and Finance worked closely with planning and reporting staff across government to support best practices and improve annual reporting. Annual report standards were revised to provide direction in a number of areas, including report development and sign-off process for content. The department also hosted a series of workshops for government staff that focused on best practices and overall performance reporting.

The second recommendation, also from July 2012, deals with improving performance measure reporting guidelines and standards. On this the department has completed significant work. TBF provided a template for ministries to properly analyze performance measure results and discuss variances from targets in a more substantive way. The department also provided all ministries with a reference guide outlining best practices for developing performance measures and targets. The ministry business plan standards developed by TBF also include a comprehensive section on performance measurement, target setting, types of targets, and alignment with business plans and annual reports.

The third recommendation, from July 2014, relates to guidance, training, and monitoring for results analysis reporting. Treasury Board and Finance conducted a comprehensive review of all ministry 2015-16 annual reports and provided ministries with suggestions. We also co-ordinated a peer review exercise of the 2014-15 annual reports, established an annual report standards committee, and co-hosted workshops along with the office of the Auditor General for staff across the government. To reinforce these actions with all ministries, the department provided presentations to department executive teams on general disclosure principles for effective results analysis. All three of these recommendations are expected to be implemented by early 2018 and reflected in the 2017-18 annual reports.

The office of the Auditor General provided a set of recommendations regarding financial sector regulation and policy in February 2014. We're making significant progress regarding the recommendation to establish a public-sector risk management plan. Treasury Board and Finance prepared a draft enterprise risk management framework. Department staff met with plan boards and service providers to confirm the information in the framework

and seek additional comments and suggestions, and in April Treasury Board and Finance officials met with the OAG staff to seek advice and feedback on drafts of both the framework and report. The system will be implemented in the spring of 2018.

8:40

In response to the OAG's recommendation that TBF set standards for public-sector pension plan boards, each plan has now developed funding strategies and policies around funding. These strategies and policies outline principles for the long-term funding and sustainability of their plans. While implementation of this recommendation is considered complete, the impact of those policies and how they interact with the developed risk management framework will be part of future ongoing discussions with the plans and their service providers.

The OAG also made a recommendation regarding sustainability support processes. We respectfully suggest this recommendation is no longer relevant and be withdrawn by the OAG. The recommendation refers to a bill from the previous government that died on the Order Paper and did not become law.

A third set of recommendations from the OAG in October 2014 focused on ensuring compliance with provincial tax legislation. As per the OAG's recommendation recruitment, training, and development policies have been implemented. We've also improved employee access to information about procedures and implemented regular technical training sessions for staff. TBF fulfilled the recommendation to improve the management of information on outstanding corporate taxes and analyze the data periodically. This includes the development of reports for managing collections and filing inventory as well as the success of collections actions.

In response to the OAG's recommendation that TBF develop internal and external performance measures and targets, I can report that internal performance measures and targets have been implemented at both the group and individual level. Four new external performance measures and targets regarding corporate income tax were published online. The office of the Auditor General is conducting a follow-up review to confirm implementation of all three of these recommendations from 2014.

Two recommendations in the October 2014 report from the OAG on access controls of the tax and revenue administration system and on the corporate tax refund process were recognized in the October 2017 report as having been completed. In response to the October 2015 recommendation to improve compliance systems for unfiled corporate income tax returns, the department began issuing default assessments for outstanding returns. The OAG is conducting a follow-up review to confirm that we have satisfied the recommendation.

Work is progressing on the recommendation from October 2014 that Treasury Board and Finance update and follow its enterprise risk management system. Following consultation and review of government and industry best practices, TBF refreshed its enterprise risk management framework, and we plan to have the framework fully implemented late in the 2017-18 fiscal year.

The last group of recommendations, from February 2016, relate to Treasury Board and Finance's cash management practices. In response to the OAG's recommendation that we evaluate cash management for efficiency and economy, TBF has a project under way to evaluate the consolidated cash investment trust fund. The department is currently meeting with stakeholders to identify issues and concerns that could arise from potential changes to the current structure. We anticipate that there will be significant changes resulting from this project as it reaches implementation in mid-2018. Government is also undertaking a broad review of the

management and administration of grants and cash. In response to the recommendation we developed policies to prevent early grant payments and accumulation of large cash balances. This project is in early stages, but it is likely to be fully addressed in the 2019-20 fiscal year. We are currently identifying opportunities to improve our processes.

Related to the OAG's recommendation on technology to manage cash, the department will be procuring a treasury management system as part of a larger enterprise resources planning solution procurement. It did not make sense to look at changes to cash management systems in isolation of the enterprise resources planning solution. The treasury management system is slated to be one of the first modules implemented and could be operational by the end of 2018. The government's use of bank accounts and banking services was also reviewed in response to the OAG's recommendation on evaluating our use of bank accounts. We expect this recommendation to be implemented in mid-2018.

Finally, the government is undergoing a broad review to explore various methods of improving efficiency across government. As part of this we will improve policies for payments and make wider enhancements to process for the 2019-20 fiscal year.

This concludes my formal remarks. I along with my colleagues would be pleased to answer your questions.

**The Chair:** Thank you very much, Deputy Minister Rosen.

I would like to now turn it over to the Auditor General for his comments.

**Mr. Saher:** Thank you, Mr. Chairman. At this stage I don't think I'll add anything. The Deputy Minister of Treasury Board and Finance has given a full report to you on the state of the outstanding recommendations. I don't have anything that I can add.

Thank you.

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

We will follow the usual time allotment format of a one-and-a-half-hour meeting for questions from the committee members. The first rotation will be 10 minutes each for the Official Opposition and government members. The second rotation will be an additional 10 minutes each for Official Opposition and government members, followed by a five-minute time frame for the independent committee members. The final rotation is five minutes for any Alberta Party, Liberal Party, Progressive Conservative, or independent member in attendance wishing to participate. Any time remaining will rotate equally amongst the Official Opposition and government members, with the final few minutes designated for any outstanding questions to be read into the record and to consider any other business which may be brought forward.

We ask that officials at the table as well as those seated in the gallery provide their name before responding to questions. This is for the benefit of those listening online and for the *Hansard* recording as well as for those on the telephone.

I would like to open the floor to questions from members. Mr. Barnes.

**Mr. Barnes:** Thank you, Mr. Chair. Good morning, everyone. Thanks for being here. Thanks for all your work.

I want to start on page 16 of the annual report, under key highlights of the past year. Under the subheading Cost Savings it states:

As the economy began to recover, the government continued its effort to manage its operational expenses with the long-term goal of bringing the budget into balance. During the year, the ministry accomplished the following:

- Worked with all ministries to identify in-year savings from a wide variety of initiatives. These savings include continuing salary freezes for managers in the Alberta Public Service, government agencies and political staff.

It mentions that the department was able to identify in-year savings – and again I quote – “from a wide variety of initiatives.” My first question: would you please complete the list of what those initiatives include? The annual report says, “A wide variety” but then only identifies the salary freeze. Surely, there's more.

**Ms Rosen:** Lorna Rosen, Treasury Board and Finance. Within Treasury Board and Finance the first exercise that we undertook was to look at restraining our hiring even further than we had in the past. What restraining hiring does for you is that it actually creates a greater ability to discount from a vacancy perspective, which actually then saves money. It doesn't mean that we stop hiring, but what it means is that for those positions where we can afford to delay hiring for a period of time, we do so, thereby reducing expense in that year. Increasing the salary vacancy discount by restraining our hiring practices was probably the way that we saved the most money.

We also then looked collectively, as an executive team, at all of our contracts and services and looked to see how we could perhaps do without some of those or be a little bit more efficient or do with a little bit less.

Those are the two main areas that we looked at.

**Mr. Barnes:** Thank you.

Any idea of your total cost savings?

**Ms Rosen:** From '16-17, in terms of our piece of the \$250 million, I believe that we saved approximately \$3.4 million, but I'd like to check on that, Mr. Barnes, if that's all right.

**Mr. Barnes:** That's great. Thank you for that.

Moving to page 19, in the first paragraph the decrease in revenue is blamed on “declining oil prices, corporate revenues, personal incomes and tax planning strategies undertaken by . . . corporations to minimize corporate exposure.” Would it be incorrect to interpret tax planning strategies undertaken by corporations to minimize corporate exposure to mean corporations reacting to an increase in corporate taxes?

**Ms Rosen:** I'm going to actually ask Mark Parsons to answer that question.

**Mr. Parsons:** Companies have discretion, some degree of discretion, over the timing of deductions for corporate income tax reporting, so they can claim losses and carry back losses to minimize the corporate income tax owing. A lot of this is due to the downturn. It cannot be traced specifically to the rate increase, as you suggest. I think that it's important to keep in mind that Alberta, even with the increase to the general income tax rate, has a corporate income tax system that is the most competitive among the provinces.

**8:50**

**Mr. Barnes:** Thank you.

For one, my personal accountant has told me that the demand in his office for people looking for tax efficiency has gone up tremendously. I'm wondering: how is it possible that by raising corporate tax revenue, the government would collect less revenue? Was it a surprise to the Department of Treasury that the outcome did not match the revenue forecast?

**Ms Rosen:** The economic downturn and the prolonged decline in oil prices did significantly reduce corporate profits in 2015 and 2016, which did cause income tax revenue to fall. The implementation of a higher rate probably saw us receive more revenues than if we had not increased the rate. From those businesses in a profitable position and reporting taxable income, we did collect additional tax revenue due to the rate increase. That limited but did not fully offset the economic impacts.

**Mr. Barnes:** Thank you.

I'm a little confused on what you mean by declining oil prices because in 2016-2017 oil prices didn't decline. In fact, the price of west Texas intermediate increased 21 per cent, and western Canadian select increased 28 per cent. What do you mean by declining oil prices?

**Ms Rosen:** I think the phrase that I used was "prolonged decline in oil prices." From where we were in 2014-15, we were actually experiencing quite a prolonged decline. It dropped sharply at first and then did see its way back up but not to anywhere near the previous levels, and we're still not, in fact, to those previous levels. So we still have a very significant hole in our revenues due to the decline in oil price overall.

**Mr. Barnes:** Thank you again.

Focusing, again, on outcome 1, strong and sustainable government finances, on page 24 of the annual report under the title Our Responsibilities it states:

To support the achievement of this outcome, Treasury Board and Finance tracks financial performance; recommends effective cost-saving measures, revenue initiatives and investment strategies; provides reliable economic forecasts and advice to government and public; and manages financial risks.

It looks like the United States will be reducing its national corporate tax by 15 per cent. Under the current tax rate Alberta's combined rate is lower than every U.S. state, but if the U.S. does lower its rate, Alberta would drop to 30th. What impact does the department forecast for the United States lowering its corporate tax rate, and what impact will this have on Alberta's tax revenues and economy?

**Mr. Parsons:** The U.S. tax reform package still needs to be finalized, so it is preliminary, and there's a lot more to it than the statutory corporate income tax rate, as you suggest. The rate varies by state. Even with the rate decrease in the U.S., Canada, because it's starting from an important area of strength with respect to corporate income tax, actually has currently the lowest marginal effective tax rate on business investment among the G7.

I'll get to the question. With the decline in the U.S., that will put the statutory rate around the Canadian level, including Alberta, so combined 27 per cent – 15 per cent federal and 12 per cent provincial – roughly around the same amount. It's a lot more complicated than just comparing the statutory tax rates. You have to look at deductions. Those vary a little bit. Preliminary analysis coming out of the University of Calgary suggests that we'll be roughly on par with the U.S. on an effective tax rate basis even after the rate decline.

**Mr. Barnes:** My information shows us going from best to 30th amongst all the American states. You disagree with that? Right now our combined rate is 27 points.

**Mr. Parsons:** What I'm suggesting is that it's more than just comparing statutory corporate income tax rates. There are different deductions allowed in each country. There are different corporate

capital costs, allowances allowed, interest deductibility. One of the things that the U.S. is restricting is how much interest you can deduct from U.S. corporate tax, so Alberta and Canada in that respect will be more competitive. I guess what I'm saying is that it's far too simplistic to just be comparing the statutory corporate income tax rates. There's a lot more embedded in the tax code and the tax system than just the rate itself.

**Mr. Barnes:** Does the department, then, not have any plan as to how this may change our tax revenue and our economy?

**Mr. Parsons:** We are absolutely closely watching developments in the U.S., working with the federal government. Our minister, Minister Ceci, met with his counterparts from other provinces yesterday and received an update from Finance Canada on the potential impacts. We've committed to working together to understand what this could mean, and any response from Canada, ideally, would be co-ordinated. It's important to remember that Alberta, although we have our own corporate income tax rate, parallels the federal definition of taxable income, including capital cost allowances and deductions. This is something that we work closely with Finance Canada on.

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

Mr. Carson.

**Mr. Carson:** Thank you very much, Chair, and thank you, all, for being here today. I understand that the office of the Auditor General's report from 2008 provided recommendations for improving the Agency Governance Secretariat on behalf of ministers and that significant work has been undertaken to address these recommendations. Can you provide an overview on how structures and mandates have changed to improve public oversight and stewardship of agencies, boards, and commissions?

**Ms Lougheed:** Lana Lougheed, deputy minister of the Public Service Commission. As a result of the recommendations made by the Auditor General and other work that was under way in government, a review of all of the agencies, boards, and commissions has been undertaken over the last two years. That was done in three phases. Phase 1 looked at all of the public agencies subject to the Alberta Public Agencies Governance Act. Phase 2 looked at the remaining public agencies, roughly 140, that are not subject to that legislation. The third phase, which is under way right now, is looking at the postsecondary institutions across Alberta.

As a result of the review, there were several amalgamations and dissolutions of public agencies, and there remain from those first two phases 38 public agencies to continue to be looked at. Those reviews are under way. The work related to the postsecondary institutions, which is also under way right now, is expected to be available in the spring of 2018 for consideration by government.

**Mr. Carson:** Thank you.

Can you tell me what specific steps have been taken so far to improve board governance, accountability, and transparency?

**Ms Lougheed:** Under the Reform of Agencies, Boards and Commissions Compensation Act a regulation was introduced last year that sets compensation frameworks for the 23 public agencies subject to that regulation and requires the filing of compensation plans by five additional public agencies. Work is under way across the board to look at the compensation frameworks of the public agencies to bring things like variable pay and benefits in line with the basic core public service in Alberta.

In addition to that, there have been a number of steps taken to improve the way recruitment to public agencies occurs in Alberta. There is now a website through which applications for all vacant board positions are available, and a competency matrix is a part of the process to ensure that public agencies are attracting the appropriate mix of skill set, competencies, and diversity to best represent the Albertans that we serve.

**Mr. Carson:** Thank you.

You said that there's a website now, so in the past there was not a website for people to access postings for agencies, boards, and commissions.

**Ms Lougheed:** That's right. Correct.

**Mr. Carson:** Interesting. Thank you.

How many public agencies fall within the scope of the Reform of Agencies, Boards and Commissions Compensation Act?

**Ms Lougheed:** Twenty-eight in total.

**Mr. Carson:** Thank you.

Can you tell me what steps have been taken to improve the recruitment process for public agency executives?

**Ms Lougheed:** Sure. The first step was the development of the public agency website, that now allows Albertans to go online and view profiles for all of the public agencies in Alberta and to see at a glance which ones have vacancies. Albertans can also sign up through that website to be notified of particular vacancies on boards that they may be interested in serving on. Once they submit an application through the portal, there are a series of steps that are outlined on the website to ensure that the process for assessing candidates and for selecting individuals for interviews is consistent across the public agencies.

9:00

**Mr. Carson:** Thank you. That was in reference to the recruitment process. I'm wondering what steps have been taken to increase the retention process or improve the retention process.

**Ms Lougheed:** Under the Alberta Public Agencies Governance Act there are term limits for board positions, so once the individual has served the maximum terms that are permitted, recruitment and succession efforts are monitored to ensure that the appropriate competitions appear at the appropriate time.

**Mr. Carson:** Okay. Thank you.

I'm going to hand it over to my colleague now.

**Mrs. Littlewood:** Thank you, Mr. Chair. I'm just wondering: in regard to the recommendation that was made back in 2008 about compensation disclosure, what exactly are the parameters of publicly disclosing compensation reform that has been undertaken by Alberta's public agencies?

**Ms Lougheed:** Under the Public Sector Compensation Transparency Act any individual in a public agency that earns over \$125,000 a year is required to disclose their compensation publicly, and that's done through websites of the public agencies as well as a central, overarching website that provides links to those various websites.

**Mrs. Littlewood:** Thank you very much. Could you also describe what the role of the Public Agency Secretariat is in supporting the implementation of that work that was done on reforming the ABCs,

the compensation act, and how freezing of salaries has been a part of that work?

**Ms Lougheed:** Certainly. The Public Agency Secretariat is a small group within the Public Service Commission that is focused specifically on supporting public agencies across Alberta and the ministers and departments to ensure that we have a consistent one-government approach to the way that we work with public agencies with respect to compensation and governance and recruitment. The agency secretariat has been focused very much on the reform of agencies, boards, and commissions compensation framework in terms of implementing that framework for the first 28 agencies and now continuing the review related to compensation for the postsecondary institutions. That group works very closely with colleagues in the Public Service Commission as well as the departments of Service Alberta and Justice to ensure that for compensation disclosure the requirements of the Public Sector Compensation Transparency Act are appropriately met.

**Mrs. Littlewood:** Thank you. Could you just comment on how the freezing of salaries has come into play in that?

**Ms Lougheed:** Certainly. When the government of Alberta directed that the salaries would be frozen for all nonbargaining unit employees, it also asked public agencies to do the same thing for all nonbargaining unit employees across the public agencies. For the public service that resulted in approximately \$29.5 million in savings annually.

**Mrs. Littlewood:** That is a high amount. Thank you very much.

What were some of the changes that were made regarding things that were eliminated? I'm speaking specifically about some of the things that, of course, we had heard in the news, things like golf memberships; housing allowances of \$30,000, which, you know, to put that into perspective, is an entire year's wages of someone that makes \$15 an hour, that, unfortunately, was called not a big deal; private health care access; those sort of vestiges of the old, entitled PC government.

**The Chair:** Hey, sorry. Can you please rephrase your question, Member? It seems like you were going afar. We're talking about the 2016-2017 annual report or recommendations. How is talking about legacy parties relevant?

**Mrs. Littlewood:** I'm talking about the eliminating of things that had been enacted by the previous government that were vestiges of that and how the current government has come up with cost savings on that.

**The Chair:** Can you ask that in a way that . . .

**Mrs. Littlewood:** It's specifically in the recommendation from 2008 discussing private-sector compensation disclosure and how those methods could be applied to the public sector, and some of those things are disclosing what those bonuses are.

**The Chair:** Fair enough, but I guess at this point are we focusing on past policy or current policy?

**Mrs. Littlewood:** I'm focusing on what the recommendation was from 2008, which is currently before the committee if I'm not mistaken. Part of that is talking about the bonuses, housing allowances, and private health care access that had been implemented by a previous government and that this current government is addressing. That's what I'm asking about. Is that in order?

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

**Ms Lougheed:** So in response to the question, the recommendation from the Auditor General from 2008 regarding compensation was recently withdrawn as a result of the reform of agencies, boards, and commissions compensation framework legislation, that adequately, particularly with the subsequent regulation, now addresses that particular concern. With respect to your specific question around the savings that accrued to government as a result of the elimination of bonuses, it was about \$3.8 million.

**Mrs. Littlewood:** Thank you.

**The Chair:** Thank you for that.  
Mr. Panda.

**Mr. Panda:** Thank you, Chair. Thank you, all, for taking time to come and talk to us. My next questions will be to the deputy minister of the Public Service Commission. Page 40 of the 2016-17 Treasury Board and Finance annual report describes the Public Service Commission as being “responsible for establishing policies and programs to ensure Alberta has a professional, non-partisan, diverse and inclusive public service that proudly serves Albertans.” As for the 2016 corporate employee survey, over a third of the staff in the Public Service Commission do not feel valued as employees or satisfied with the department. Can you explain why the morale is so low?

**Ms Lougheed:** Certainly, I’d be happy to do that. One of the things that I would point out right off the mark is that we have, since the annual report was released, done a subsequent survey, a pulse survey, in the spring of 2017, where I’m delighted to provide information that indicates that the results have increased significantly in the organization. When the 2015-16 survey was done, government had been through a tremendous amount of reorganization as a result of subsequent changes in administration. There were declining survey results in almost all of the departments as a result of some very focused efforts that have been taken by the deputy ministers’ council and executive teams across the organization collaboratively with employees throughout the public service. We’ve seen notable increases in morale and in the employee engagement survey results.

**Mr. Panda:** Thank you. Over 41 per cent of employees in the department do not feel information flows effectively from the senior leadership to the staff, so how can you be professional and inclusive if you’re not providing information to the staff?

**Ms Lougheed:** A great question, and again the pulse survey results show notable increases in that particular area in the Public Service Commission. I believe the increase was in the double digits, approximately 14 per cent. The communication across the public service is always challenging given the size and complexity of the organization, and it’s an area that we continuously focus on with technology and e-mail and the amount of information that people receive. Making sure that they’re getting the right information, the essential information, and the information that matters most to them takes a bit of an in-depth analysis in each department and each area. I’m pleased to say that as a result of very focused work within our Alberta public service engagement strategy that is occurring department by department, and the results in the pulse survey are showing positive results.

**Mr. Panda:** Thank you, but the one department that stands out here is Environment and Parks. I’m just looking at the data here. The

survey shows 36 per cent of staff in the department do not feel that information flows effectively from senior leadership to the staff. Also, the same survey also showed that less than half of employees at Environment and Parks have confidence in the senior leadership and staff. Less than half. Is there a problem in the upper echelon over there, or is it the minister’s office or the deputy minister’s office, or is it both?

**9:10**

**Ms Lougheed:** When that survey was done, again, there had been a significant amount of change in the government organization. With Environment and Parks in particular the branch responsible for firefighting shifted from that department to Agriculture and Forestry, and there were a number of structural changes going on. From the time the survey was done and those results were received, the deputy minister of the department and the executive team have formed a steering committee of employees throughout the department to look specifically at what the needs of the employees are and to get to the root causes of the concerns related to confidence in senior leadership, flow of essential information, and several other factors within the employee survey. They, too, have seen increases in the pulse survey results as a result of that.

Environment and Parks is geographically distributed throughout the province, and looking at each of the areas individually to address the concerns of the employees in those particular areas is critically important. That work is under way right now.

**Mr. Panda:** Thank you.

Have you noted any bullying in the pockets of Alberta public service? A recent survey in the city of Edmonton found widespread bullying. Have you noted any such in your Public Service Commission survey?

**Ms Lougheed:** We don’t specifically survey within the recent survey on the incidence of bullying. We have put an incredible amount of effort within the Alberta Public Service into our respectful workplace policy, a policy that was developed with employees, for employees throughout the public service about three years ago and championed by a small subcommittee of deputy ministers. It’s been implemented in every department across the government and is centrally monitored by the Public Service Commission, where we have worked extensively with our HR professionals and managers to help ensure that every employee in the public service has awareness of the policy and is able to receive training.

**Mr. Panda:** But what do you do if there is any bullying? What do you do specifically to address that?

**Ms Lougheed:** The policy provides guidelines on the approach that is available to individuals right from having discussions with their immediate supervisor to taking concerns to the HR profession and, when required, making complaints directly to my office in the Public Service Commission.

**Mr. Panda:** Thank you. Does the Public Service Commission run a respect in the workplace program?

**Ms Lougheed:** Yes, we do.

**Mr. Panda:** How is it going? Is there any improvement?

**Ms Lougheed:** It is going exceptionally well. We introduced a training seminar for employees and for supervisors to help them have a very in-depth understanding of the respectful workplace policy and what the expectations are to ensure that we have a very

respectful workplace. We've supplemented that recently with a short online seminar that's available to all employees across the public service, and we are monitoring the number of employees that are taking both the online seminar as well as the in-person training sessions.

**Mr. Panda:** Thank you.

Do the public service managers conduct witch hunts to identify employees who responded to the survey that negatively reflect on their department or in that particular section of the department's overall results?

**Ms Lougheed:** We take very careful measures to ensure that the responses to the surveys are anonymous. We contract with an external firm for that express purpose. The firm that we use is one that does these kinds of surveys nationally across Canada for other public services and private-sector organizations, and their submissions for this type of service to be provided are carefully evaluated to ensure that they are entirely anonymous.

**Mr. Panda:** Thank you.

On page 91 of the annual report: the Public Service Commission spent \$22 million last year, and on subsequent pages we found that some of the senior officers' salaries are high. Do you have any comments on that?

**Ms Lougheed:** Our entire budget for the Public Service Commission is \$25 million; 80 per cent of that is for personnel. We have approximately 200 employees in the Public Service Commission that support over 27,000 employees across the core public service as well as a number of the agencies, boards, and commissions, given the recent additional responsibility that we were given by assuming the Public Agency Secretariat.

**Mr. Panda:** Okay. Thank you.

Specific to Energy, there's no mention of royalties in the 2016-17 annual report. Can you explain why Alberta Energy, not Treasury Board and Finance, is responsible for collecting the royalties?

**Ms Rosen:** I'm sorry. Could you repeat the question?

**Mr. Panda:** In the annual report for 2016-17 there's no mention of royalties. Can you explain why Alberta Energy, not Treasury Board and Finance, is responsible for collecting the royalties?

**Ms Rosen:** Oh. Okay. Yes. I understand. Alberta Energy actually has staff, economists, that work with the energy industry. Projecting or estimating royalties is not an easy calculation, so those staff are responsible for actually making those projections along with getting outside consultancy help as well.

**Mr. Panda:** Thank you.

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

Mr. Nielsen.

**Mr. Nielsen:** Thank you, Mr. Chair. Through you to our guests, I want to direct my questions, of course, around the Reform of Agencies, Boards and Commissions Compensation Act, maybe direct your attention towards recommendation 1 on page 27. Were the 23 designated agencies informed and consulted around the implementation of the compensation act?

**Ms Lougheed:** There were several meetings that occurred with the deputy ministers and the public agencies in advance of the

regulation being brought in, and we have been working very closely with the public agencies to look at their compensation frameworks. Of course, the recommendation having been made by the Auditor General in 2008, a series of meetings had occurred over the years to discuss tackling the problem, and when the development of the legislation began for the reform of agencies, boards, and commissions, those meetings increased in number.

**Mr. Nielsen:** Okay. I'm just wondering. What was the rationale – sorry; I'm also on recommendation 1 on page 27 – requiring five additional public agencies, apart from the 23 that were designated agencies, to submit executive compensation plans to the Minister of Finance?

**Ms Lougheed:** The rationale for the additional five: the first regulation for the 23 public agencies sets out a compensation framework that provides salary bands that are recommended depending on the size and complexity of the particular public agency. That framework was developed in consultation with Hay Group, which is a nationally recognized firm providing advice across the public and private sector on compensation frameworks. The additional five are among our most significant agencies, boards, and commissions in Alberta, and they operate in very specific markets – Alberta Treasury Branches, AIMCo, the Alberta teachers' retirement fund, who are operating in a very competitive banking industry or investment industry, as well as the Alberta energy surveillance office and Alberta Health Services – where it is very challenging to find direct comparators in any other jurisdiction to those organizations. As a result, it required an individual, case-by-case analysis, and we're working very closely with the CEOs and board chairs of those organizations to look at their compensation frameworks.

**Mr. Nielsen:** When you mentioned the 23 designated agencies, I was wondering if maybe you can list these agencies so we have an understanding of what they are and maybe give us a highlight of these agencies and what they do.

**Ms Lougheed:** I don't have the list with me, but I'd be happy to provide that in writing following the meeting.

**Mr. Nielsen:** That would be fantastic. Thank you.

The compensation regulation under the compensation act sets salary bands for CEOs, bringing their pay in line with public-sector equivalents. What other changes are mandated under the compensation regulation to improve transparency and, of course, accountability?

**Ms Lougheed:** The other requirements in the act are around benefits and pension contributions, and those are also being brought in line with the core public service.

9:20

**Mr. Nielsen:** Okay. How are the executive compensation plans for these five additional agencies co-ordinated and reviewed?

**Ms Lougheed:** We work within our Public Agency Secretariat. We have compensation specialists on staff who do an initial review of the information provided by the public agencies. It's a very collaborative process, where we are working back and forth continuously to ensure that we have a robust set of data to examine. We have consulted with the Hay Group again on each of those compensation plans and meet with the CEO and the board chair and the chair of their governance and HR commission to discuss any concerns that we identify to ensure that we understand the markets

that they're working in and to be able to provide recommendations going forward. That work is in progress right now.

**Mr. Nielsen:** Thank you for some very robust answers. I appreciate that.

**Ms Lougheed:** You're welcome.

**Mr. Nielsen:** Mr. Chair, the time I have remaining I'll pass to Mr. Malkinson.

**The Chair:** Mr. Malkinson.

**Mr. Malkinson:** Thank you very much, Mr. Chair. My question is, of course, to our guests here. Will the reform of agencies, boards, and commissions act have an impact on bargaining unit employees?

**Ms Lougheed:** No. The legislation specifically applies to non bargaining unit employees.

**Mr. Malkinson:** Thank you.

I understand that recently the government announced that they are extending the salary freeze that currently exists. Can you provide a little bit more information about who the salary freeze impacts and whether it is done through that act?

**Ms Lougheed:** The salary freeze for the core public service impacts all non bargaining unit employees, so that will include anyone who has opted out or is excluded from the bargaining unit as well as management employees. That accounts for approximately 6,700 employees in the core public service. It will amount to a savings of approximately 29 and a half million dollars a year. It has been extended until September 30, 2019, at this point.

**Mr. Malkinson:** Now, are executive contracts of public agencies subject to the compensation regulation required to be made available to the public?

**Ms Lougheed:** Yes.

**Mr. Malkinson:** That was an easy answer.

Can you provide sort of more details about some of the initiatives under way to improve employee engagement? I think this is something that the Auditor General, you know, had pointed to in his report.

**Ms Lougheed:** Certainly. I'd be happy to. Alberta was the first provincial jurisdiction in Canada to implement the use of an employee engagement survey, in 1997. My counterparts across Canada agreed to adopt a common index in 2004, so we can now look at the results comparatively across Canada. Alberta's employee engagement result for the Alberta public service of 60 per cent in its last survey is on par with all of the other jurisdictions across Canada.

What we did when we received the employee engagement results from the last survey was to engage in discussions with employees by meeting with folks throughout the province to really understand why the results were what they were. As a result of direct input from approximately 5,000 employees, in addition to what we heard in the survey, we've created an Alberta public service wide engagement plan that focuses on three key areas: connecting with employees, investing in our leaders to ensure that employees have great leaders, and ensuring that we've got the appropriate mix of learning and professional development available for employees to support their career growth within the public service. We've established three deputy-minister-led committees to work with employees from

across the province and at all levels to ensure that we're focusing on the right areas.

I'm pleased to say that the results of our 2017 pulse survey are showing some notable increases in things like confidence in senior leadership, essential flow of information, and recognition and are also identifying areas where we still have more work to do. That work is the focus of ongoing efforts, going forward.

**Mr. Malkinson:** Thank you.

Mr. Chair, how much time do I have left?

**The Chair:** You have one minute and 45 seconds.

**Mr. Malkinson:** Okay. You know, with those deputy-minister-led committees, you mentioned things about confidence in senior leadership. Is that what you feel is sort of the root cause of these declining employee engagement index numbers?

**Ms Lougheed:** There were six specific areas that employees told us mattered the most to them as a result of the survey. They included confidence in senior leadership, essential flow of information, recognition, innovation, support for career growth as well. Specific initiatives in each of those areas are under way on a government-wide basis as well as department by department.

**Mr. Malkinson:** So you're taking action sort of based on those root causes to sort of address some of those previously declining employee index numbers?

**Ms Lougheed:** That's right.

**Mr. Malkinson:** Would that be a correct summation?

**Ms Lougheed:** Yes, that's correct.

**Mr. Malkinson:** Excellent. I feel like I should hit my time.

**The Chair:** You have 39 seconds, sir.

**Mr. Malkinson:** I have another question, but I think I will not be able to read it that quickly.

**The Chair:** Okay. Thank you, Mr. Malkinson.  
Mr. Gotfried.

**Mr. Gotfried:** Thank you, Mr. Chair, and thank you again to our presenters here today. On page 113 of the annual report, under schedule 11, the department is reporting the total debt for 2017 as \$50.7 billion. Could you please confirm that that \$50.7 billion represents Alberta's total debt? I'm assuming that that's at the end of fiscal 2017-18.

**Ms Rosen:** On page 113?

**Mr. Gotfried:** Yes, that's correct. Schedule 11.

**Mr. Epp:** That does represent Alberta's total debt in terms of debt issued for government purposes and debt borrowed to on-lend to entities such as Alberta Capital Finance Authority and Agriculture Financial Services Corporation.

**Mr. Gotfried:** What other debt would you call serviceable debt, over and above that \$50.7 billion, that is handled by Treasury Board and Finance?

**Mr. Epp:** We lend to Alberta Treasury Branches. Alberta Treasury Branches' debt is recorded on their financial statements and not included in this number.

**Mr. Gotfried:** How much is that?

**Mr. Epp:** Probably around \$3 billion to \$4 billion. It varies from time to time, so I don't know.

**Mr. Gotfried:** Okay. So that's a public liability, though, as well?

**Mr. Epp:** Yes.

**Mr. Gotfried:** Okay. Going forward, for the ends of fiscal years 2018-19 and '19-20, could you tell me what the projected debt is given that we're not going to be balancing our budget during that period?

**Mr. Epp:** According to the budget – and I'm looking at page 111 – we show total liabilities, borrowing for capital projects in the fiscal plan, and this does not include borrowing debt that has been issued . . .

**Mr. Gotfried:** I just wanted to have a comparative number to the \$50.7 billion at the end of fiscal 2017-18. Extend it out to '18-19 and '19-20 just to compare what those total numbers are going to be.

**Mr. Epp:** What the budget shows is debt issued for government purposes. It does not show the other debt, so I don't have those numbers.

**Mr. Gotfried:** We've had projections, I think, of around \$71 billion, in various other documents, at the end of fiscal '19-20.

**Mr. Epp:** Yes.

**Mr. Gotfried:** In terms of borrowing, it's my understanding that Alberta raises the money it needs to cover the deficit by issuing bonds, and these bonds have different maturity dates. It looks like much of the bonds have less than five-year maturities. I looked at the numbers. It appears to me that some of the interest rates that we're experiencing until 2022 are somewhat lower than what it looks like we're going to experience beyond 2023 for some of the longer maturity dates. In fact, some of those interest rates are up to about 3.5 per cent. Do you have any concerns in terms of the debt servicing with that escalating cost of the later maturing bonds and an escalation of the interest rates we're going to be paying on those bonds in future years, going forward? That's also in the chart, I think, on page 113 as well.

**Mr. Epp:** The interest rates are fixed for the life of the bond contracts. It is true that longer term debt costs more, just like it would for – a five-year mortgage typically is more than a one-year mortgage. Yes, we pay higher, but those rates are fixed for the life, so they will not go up any farther.

**9:30**

**Mr. Gotfried:** As we get bonds maturing, some of these shorter term ones, obviously, will be subject to whatever the current interest rates are, if those are escalating at the time. So our average interest rates could increase or are likely to increase just by virtue of the renewal of some of the lower interest rate bonds. Is that correct?

**Mr. Epp:** Absolutely.

**Mr. Gotfried:** What will be the impact, then, of our downgrading of our credit rating on those renewals, assuming that our credit rating was somewhat better in the period of those early maturing bonds, that we're going to be facing between now and 2022?

**Mr. Epp:** The studies we have done suggest that a ratings downgrade of one notch costs approximately – so that would be from double-A mid to double-A low, for example; that would be one notch – five basis points, historical averages suggest. Five basis points are .05 per cent.

**Mr. Gotfried:** All right. And that's going to be on this escalating balance, obviously, at \$50.7 billion and then escalating up to \$71 billion by 2019-20.

Alberta hasn't had to borrow to cover its operational spending for a decade or more. Has this had an impact on the province's cost of borrowing or ability to borrow in terms of covering operational costs?

**Mr. Epp:** We have experienced no difficulties in terms of ability to borrow. In terms of cost of borrowing, the most important influencers are the general level of interest rate. As rates go up, we will pay more. As rates have gone down, we will pay less. The second most important influence is oil prices, quite frankly. As oil prices rise, our cost to funds relative to other provinces or the federal government tends to fall. As oil prices fall, our costs relative to those tend to rise. When I say relative, we're talking at, you know, five to 10 basis points between the peak and the valley, so we're not talking 1 or 2 per cent.

**Mr. Gotfried:** Yeah. Our interest servicing costs, obviously, with increasing debt and increasing interest rates are going to impact the cost of debt servicing on an annualized basis?

**Mr. Epp:** Yes.

**Mr. Gotfried:** I'm going to switch to some pension issues. On page 115 of the annual report it appears that Alberta's pension obligation for 2017 is slightly lower than 2016, so that's good news. Was that reduction expected?

**Ms Rosen:** I believe so. Yes. The goal is to fully fund the pensions and to reduce the liabilities over time, so yes.

**Mr. Gotfried:** And that reduction: obviously, we're seeing some improvement now, but that's based on performance of funds invested through AIMCo. Is that correct?

**Ms Rosen:** It's based on a number of factors, but the performance of the investment is certainly a major influencer with respect to that.

**Mr. Gotfried:** We've heard from the Public Service Commission and some information that we got from the Auditor General that there is about 7 per cent of public service employees aged 62 or older. Have you done any projections on those retirement ages, those currently eligible for retirement, and projected that out given the demographics of your employee base over the next three years, five years, perhaps 10 years in terms of factoring that into the liability for the pension plans?

**Ms Rosen:** The short answer is yes. The pension plans themselves do that. They actually have an actuary of evaluation done that takes all of the things that you just asked about into consideration when they determine what appropriate contribution levels should be. In fact, two of the major plans, the local authorities pension plan and the public service pension plan, just recently reduced their contribution rates. It doesn't mean that they're what I would call fully funded, but it means that they are on their way to be fully funded.

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

Mr. Malkinson, are you going to move forward with the question you didn't get in the last one, or are we going to move on?

**Mr. Malkinson:** Yes, please.

**The Chair:** Okay. You have eight minutes, sir.

**Mr. Malkinson:** This particular question I'd like to direct to Mr. Saher. I understand that there were recommendations that were made in 2008 and 2009, and I understand that as a part of your October 2017 report you withdrew some of those recommendations. Can you help clarify which recommendations were withdrawn and the rationale behind those recommendations to begin with and then also give us a rationale about why those recommendations were of course withdrawn?

**Mr. Saher:** Okay. I think it would be difficult here and now to list precisely the recommendations that were withdrawn. But if I can talk generally – and I'm referencing the October 2017 public report of the office of the Auditor General, page 97. If I could just read you one paragraph which I think will help in answer to your question:

We made our 2008 and 2009 recommendations in an environment where agency boards were responsible for executive compensation decisions. In that environment, we believed the government needed to establish reasonable and consistent approaches for boards to follow when making executive compensation decisions, and [to] check that those approaches were being followed.

So what I'm trying to do there is summarize the reason for the recommendations that we had made in 2008.

We conclude in 2017 by saying:

In light of the new legislation, regulation and centralized approach, our 2008 and 2009 recommendations are no longer applicable.

And then we state the environment in which we made them.

But we end with this comment.

In withdrawing our recommendations, we are not concluding on the adequacy of the government's current systems on executive compensation. To form a conclusion on the current systems, we would need to perform a new audit. When planning future audits, we will consider whether such an audit could provide value.

That's my attempt to answer your question. I'm not sure whether I've done a good enough job.

**Mr. Malkinson:** Thank you.

I'm going to turn over my time to Dr. Bob Turner.

**Dr. Turner:** Thank you, Chair, and thank you to the folks from Treasury Board and Finance as well as the public service. I want to follow up on a question that was just asked about the large proportion of folks working in the public service that are over the age of 60. We did hear a response about how the pension plans are trying to deal with that, but I think an equally important concern is: what is the public service doing about succession planning and building leadership capacity that is going to take us over the next 20 years?

**Ms Lougheed:** Happy to answer that question. Two years ago we implemented a new approach for succession planning in the public service. We did that after looking at the way that this is done in a couple of other provincial jurisdictions, the federal government, and some private-sector organizations. It really involves taking a supply-and-demand approach to leadership requirements in the public service, getting very clear from the demand side on what our leadership requirements are, which of our roles are more policy

focused, operationally focused, or corporate-service focused, and determining, as a result of the information that we have on our employees, what the need will be for leadership in those particular areas and in the critical roles in the future.

On the supply side we do very detailed assessments against a competency framework of all of our leadership and develop, in consultation with them, development plans to ensure that we're focusing on the areas to continue to enhance their areas of strength and to provide development in any areas where opportunities for development are evident. We've been through one cycle of that for all of our assistant deputy ministers and most senior levels of management and are now cascading that throughout our mid-management level and will extend it throughout the remainder of the public service.

**Dr. Turner:** Thank you.

I'd like to turn to one of the Treasury Board and Finance reports, to outcome 4. This relates to disruptive technologies and what the public service and the government is doing to ready the government of Alberta and the public service for disruptive technologies and to modernize the public service. I mean, just yesterday there were news stories about the Uber leak of private information on hundreds of thousands of Canadians as well as multiples in the United States and elsewhere. The news story actually indicated that the government of Alberta is the only government in the country that has actually got some ways to deal with this, and I wonder if you have some comments on that.

**9:40**

**Ms Lougheed:** I can offer some comment although the question is probably best directed to our colleagues in Service Alberta, who have the overarching responsibility for technology systems for the government of Alberta. That said, the Public Service Commission works very closely in partnership with Service Alberta to support the learning and development required for employees on the appropriate use of technology. We are working very closely right now with an area in Service Alberta that was recently created called the transformation management office that is specifically looking at acquiring a new enterprise resource planning system for the public service that will give us better access to more consistent information for management decisions from a finance and HR perspective.

**Dr. Turner:** Thank you.

I'll turn my time over to MLA Littlewood.

**Mrs. Littlewood:** Thank you. Just about the training that the Public Service Commission said that it would take on with regard to indigenous awareness training and collaboration with indigenous communities. You had said that you would work to enhance an understanding of treaties, residential schools, the historical and contemporary experiences of First Nations, Métis, and Inuit people in Alberta to support the United Nations declaration on the rights of indigenous peoples. I'm just wondering if you would be able to share whether you've been able to complete that for your various staff and when the government-wide training would begin.

**Ms Lougheed:** Thank you. We have been working over the last several months to consult with indigenous communities, members of indigenous communities, indigenous scholars, and employees throughout the public service and public agencies, as was part of that commitment in response to the UN declaration, to make sure that their insights were gathered and formed a key part of developing any training that would go forward. In undertaking those consultations, we identified many programs that are already

in place and expect to be able to roll out something consistent in the spring of 2018.

**Mrs. Littlewood:** Thank you.

**The Chair:** Thank you, Mrs. Littlewood.

We'll move on to questions read into the record for response from the ministries. There are three minutes. We'll start with the Official Opposition. Mr. Barnes.

**Mr. Barnes:** Thank you. Last week the government announced new regulations for large carbon emitters. In a memo Treasury Board and Finance estimated that the employment impacts for the methane emissions reduction initiative alone would be around a thousand jobs across the province. Please explain how the department arrived at that estimate.

**The Chair:** Thank you, Mr. Barnes.  
Mr. Carson.

**Mr. Carson:** Thank you. Can you provide us with the salary bands as set out by the Reform of ABC Compensation Act versus the range of compensation of ABC executives prior to the reform?  
Thank you.

**The Chair:** Thank you.

**Mr. Gotfried:** Did the Public Service Commission submit an opinion on the ABC recruitment and compensation changes made by the current government?

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

**Dr. Turner:** Will there be further analysis on executive compensation practices for Alberta's health institutions such as Alberta Health Services and Covenant Health, and who will be leading this work?

**The Chair:** Thank you, Dr. Turner.  
Mr. Barnes.

**Mr. Barnes:** Thank you. The government announced last week that it committed \$1.4 billion in funding back to the industry. How much carbon tax revenue was estimated and expected to be collected from large emitters?

**The Chair:** Thank you.  
Any government members? Mr. Nielsen.

**Mr. Nielsen:** Thank you, Chair. Much like Mr. Carson's question around executive compensation, what would you say is the range of compensation for ABCs, and what is the range in other provinces like B.C. and Saskatchewan?

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

**Mr. Panda:** Can you please provide the breakdown of your workforce to show the diversity in the demographics today?  
Thank you.

**The Chair:** Thank you, Mr. Panda.  
Are there any government members with further questions?

**Mr. Carson:** Can you explain why postsecondary institutions are separate from ABCs, the main differences, and why they were included in phase 3 of the review instead of earlier?

**The Chair:** Thank you.

**Mr. Gotfried:** When did discussions commence between the government and the Treasury Board and Finance or Public Service Commission on ABC compensation?

**The Chair:** Thank you, Mr. Gotfried.  
Any government members with a question?  
Seeing none, are there any opposition questions?

**Mr. Gotfried:** What is Alberta's total pension liability and forecasts for future years up until 2020?

**The Chair:** Thank you, Mr. Gotfried.  
Any government members?  
Seeing none, are there any opposition members with questions?  
It looks like we've used up the three minutes.

I'd like to thank the officials from the ministry who attended today and responded to our committee questions. Given the holiday break coming up, we would ask that responses for outstanding questions from today's meeting be provided in writing and forwarded to the committee clerk by the end of January.

Moving on to other business, I wish to note for the record the following written responses received with respect to questions outstanding from previous meetings: Treasury Board and Finance, October 31, 2017; Service Alberta, October 11, 2017; and Justice and Solicitor General, October 11, 2017. In keeping with the usual practice of the committee, these documents are also posted on the external committee website.

Is there any further other business?  
Seeing none, I will move on to the date of the next meeting. Members, this concludes our fall 2017 meeting schedule. Our next meeting will be at the call of the chair.

Would a member move that the meeting be adjourned? Mr. Carson. All in favour? Any opposed? That motion is carried.

Thank you very much.

[The committee adjourned at 9:47 a.m.]









