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## **Standing Committee on Public Accounts**

### **Participants**

Ministry of Infrastructure

Tracy Allen, Assistant Deputy Minister, Capital Projects Delivery

Shannon Flint, Deputy Minister

Andy Ridge, Assistant Deputy Minister, Properties



8:22 a.m.

Tuesday, June 2, 2020

[Ms Phillips in the chair]

**The Chair:** Okay. All right. Let's start. I will go back to the beginning of these notes and the beginning of the meeting. It is 8:22, and I would like to call this meeting of the Public Accounts Committee to order.

My name is Shannon Phillips. I am the MLA for Lethbridge-West. I'm the chair of this committee. Ordinarily I would go around the table for all participants to introduce themselves, but I'll just read everyone into the record now. We'll try to move as quickly as we can so that we can still stick to our original rotations and be done by 10:30.

We have members video conferencing: Dach, Hoffman, Reid, and Renaud. We have members present in the committee room: Rowswell, Guthrie, Stephan, and Barnes. We also have a number of officials from the office of the Auditor General via video conference: Doug Wylie, Auditor General; Brad Ireland, Assistant AG. We also have LAO staff present: Philip Massolin, clerk of committees and research services; and Aaron Roth, committee clerk. I would also add that we have Member Rosin present in the Legislative Assembly room in the Federal Building. We also have with us officials from the Ministry of Infrastructure: Shannon Flint, deputy minister; Andy Ridge, ADM of properties; Tracy Allen, ADM of capital projects delivery; Jennifer Flaman, ADM, corporate strategies and services; and Faye McCann, senior financial officer of finance.

A few housekeeping items. Members, please mute if you are not speaking. Once you are speaking, please wait a couple of minutes so that your audiofeed can come up and the LAO can properly identify you. Committee proceedings are live streamed on the Internet and broadcast on Alberta Assembly TV. If you wish to abstain from a recorded vote, please send the committee clerk a private instant message or other communication, e-mail, or text. The audio- and video stream, transcripts of meetings can be accessed via the LAO website.

Are there any changes or additions to the agenda today?

Seeing none, would a member like to move that the agenda for the June 2 meeting of the standing committee – sorry?

**Ms Hoffman:** I'm just wondering if I need to do it now. I think we should have a motion – perhaps it's an amendment to the agenda – just that we extend the duration of the meeting to last until 10:30, if required, to stick with the original agenda and rotation.

**The Chair:** Sure. Let's do that under changes to – is that a change to the agenda, then, Clerk? I'm looking at you. Yes? Okay.

**Ms Hoffman:** I move that we extend the meeting time to run as late as 10:30.

**The Chair:** Okay. It appears that that, on the government side, is unanimous. If the opposition side could indicate their concurrence with that. Okay. I had a unanimous consent request, so I'm just going to ensure for the record on the government side that that request is unanimous.

**Mr. Gotfried:** Agreed.

**The Chair:** Okay. Very good. Thank you, Deputy Chair.

Seeing the change to the agenda, would a member like to move that the agenda for the June 2, 2020, meeting of the Standing Committee on Public Accounts be approved as amended.

**Mr. Reid:** MLA Reid.

**The Chair:** That is moved by MLA Reid. Thank you.

Any discussion on this motion?

Before the committee votes, members, please unmute your microphones. All in favour? Okay. Any opposed? Seeing none, that motion is carried.

I just want to note for the record as well that Mr. Toor has joined the committee in person.

Moving on to approval of the minutes, hon. members, you have the minutes from our meeting on May 26. Do members have any errors or omissions to note in regard to these meeting minutes?

Seeing none, would a member like to move that the minutes of the May 26, 2020, meeting of Standing Committee on Public Accounts be approved as distributed?

**Mr. Gotfried:** So moved.

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

Any discussion?

Members, unmute your microphones. All in favour? Any opposed? Thank you. That motion is carried.

We do have a discussion of the modification of two-hour meeting time allotment. As I understand it, the members have decided that for this meeting, because we do not have morning session, we can move along with the original rotation. Members, you do have the suggestion for a modification time allotment for subsequent meetings when we are in session. Right now I am going to leave that item aside because I believe we have unanimous consent to continue with the original rotation and questioning rotation. I just want to provide that modified rotation for your information, members, and we will take that up in the next meeting when we have a morning session to move to.

Moving on, then, we will go now to the Ministry of Infrastructure. I would like to welcome our guests from the Ministry of Infrastructure. Thank you for indulging me. I'm trying to race through this so that we can get enough time. Our ministry officials are here to address the office of the Auditor General's outstanding recommendations and the ministry's annual report from '18-19. I'd like to now invite ministry officials to provide their opening remarks, not exceeding 10 minutes. Your time, ministry officials, begins when you start speaking. The clerk will begin your timer.

Thank you.

**Ms Flint:** Thank you, Madam Chairman, and good morning. There is one additional staff member attending with me, Jennifer Dagsvik, the assistant director of communications. She's just behind me, so you probably couldn't see her.

Alberta Infrastructure is responsible for designing, building, renewing, and maintaining the public infrastructure that meets the needs of Albertans now and in the future. Working closely with other ministries and stakeholders, Infrastructure ensures school, health, and government facilities are built or maintained in a cost-effective and efficient manner. Infrastructure partners with other ministries, boards, and stakeholders to deliver kindergarten to grade 12 education facilities, deliver health facilities, deliver other public infrastructure such as government office space, museums, and courthouses, and provides support to postsecondary institutions to develop facilities to meet their needs.

Infrastructure is accountable for the management, operations, and maintenance of government-owned and -leased properties. The ministry manages the Swan Hills Treatment Centre and provides accommodation planning and other services for government and service providers in owned and leased office space, museums,

courthouses, correctional centres, service buildings, and research facilities. Part of maintaining includes facility cleaning, which most recently in response to COVID-19 has meant that Infrastructure has been on the front lines of implementing enhanced cleaning protocols and procedures for provincial facilities.

8:30

Now I would like to highlight some of Infrastructure's key activities and achievements for 2018-19, including actions we continue to take to address outstanding recommendations from the office of the Auditor General. The Auditor General conducted an audit to assess Infrastructure's project management systems in relation to the planning and design phases of the Willow Square continuing care facility project. The Auditor General acknowledged that Infrastructure had adequate project management systems in place for the planning and design phases of this project but made a few recommendations to enhance project management plans and expand performance measures.

The Auditor General also acknowledged that Infrastructure has made several improvements to its project management systems prior to completion of the audit. For example, we have developed new or improved tools to track project deliverables related to risk management, financial management, schedule management, and the project charter. This includes a new project financial tracking and forecasting tool, a project delivery method selection tool, a risk management assessment tool, and standardized project schedule templates as well as other standard project planning templates. We have also enhanced project monitoring and oversight controls.

Addressing recommendations related to the audit, Infrastructure is currently working to enhance standards and best practices on project plans and performance measures. Infrastructure plans to enhance our systems through improved project accountability and governance frameworks, a standard dashboard of performance measures across all major capital projects, and expanded usage of a newly developed information management system.

Regarding Auditor General recommendations for the school-building program Infrastructure and Education have made many improvements. Infrastructure has developed and implemented a new centralized database for reporting school project information as well as a reporting manual that formally documents processes and procedures.

In addition, Education and Infrastructure developed a school board maturity assessment tool, which is used to assess the level of oversight required for school capital projects that could potentially be managed by school board jurisdictions. This tool evaluates a school jurisdiction's risk, resource availability, past performance and expertise, and informs decisions around whether projects are managed by Infrastructure or school board jurisdictions. This helps ensure that new and modernized schools are being delivered on time and on budget.

Resulting from the Auditor General recommendations, as of April 1, 2018, responsibility and funding for the delivery of the school capital program and modular classrooms was moved from the Department of Education to the Department of Infrastructure. This move ensures clear direction for accountability and responsibility between the ministries. It allows both ministries to focus on their core program responsibilities. Education is focused on student learning and programing while Infrastructure is focused on delivering and overseeing the construction projects to support that student learning.

Together we continue to ensure that new and modernized schools are provided for Alberta families and communities. In 2018-19 we completed 30 new or modernized school projects. Today across the province 74 school projects are under way as of April 30, 2020.

Fifty are in planning, design, tender, or contract award; 14 are in construction and expected to open by the end of 2020; and 10 are in construction and are expected to open by the end of 2021 or shortly thereafter.

These new and modernized schools are just some of the many projects recently completed or under way on Infrastructure's capital side. For example, in 2018-19 we handed over two health facility projects to Alberta Health Services having completed construction on the Richmond Road diagnostic and treatment centre in Calgary and the community health and wellness clinic at the Edson health care centre.

Currently throughout the province another 26 health facility projects continue to move forward, including 12 which are in the construction phase. Of these 12, seven are expected to be completed this year, notably including the Fort McMurray residential facility-based care centre in Willow Square, the Grande Prairie regional hospital, and the Stollery children's hospital critical care program in Edmonton. Through 2018-19 Infrastructure continued to work with the government of Alberta and the government of Canada to approve municipality and community projects for the investing in Canada infrastructure program funding. To date 13 projects have been approved for a total of \$2.7 billion in federal funding. Recently the province endorsed over 70 more ICIP projects, or the investing in Canada infrastructure program funding, to move forward for federal approval, and we anticipate being able to inform many applicants of their federal approval shortly.

Taking a look at the property side of Infrastructure, in 2018-19 we continued to work to reduce our government's overall footprint. This included several projects to optimize the amount of owned and leased space required to deliver government programs. By reducing the amount of office space per employee, we were able to do more with less, resulting in savings of almost \$2.5 million on an annual leasing cost base. In addition, we have opened a mobile suite in the Infrastructure building for all government employees to access. It has been well received, and we are looking at ways to expand this mobile workforce concept further as we work with the Public Service Commission and our partner ministries on what potential enhancement to our workplace looks like based on our experience and learnings through the COVID-19 pandemic.

This concludes the 2018-19 highlights and activities for Infrastructure. On behalf of my team, thank you. I look forward to receiving the questions.

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

We will now move on to the Auditor General's work. He has opening remarks of five minutes. Please, Mr. Wylie.

**Mr. Wylie:** Good morning, Chair and committee members. Thank you. I'd like to thank the deputy for providing the committee a very thorough update on the status of the recommendations. I'm pleased that progress is made.

I'd just comment, Chair, that we had in total five recommendations to the ministry, three of them related to our work on the school building program that was done in 2016. I understand that two of those recommendations are fully implemented, so we'll start the follow-up work as soon as possible on those. We look forward to working with the ministry to achieve full implementation on the remainder of the recommendations.

Thank you, Chair. I'll turn back the rest of my time to the committee business.

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

Now we will move on to the questioning rotation rounds. As a reminder, we are going to go with the original rotation round for an

ordinary two-hour meeting. We will begin with the Official Opposition side of 15 minutes and then go over to the government side for 15 minutes.

I am now looking at the Official Opposition side, and I believe I did not announce – and I'm sorry – that we have Member Dang as well as a nonvoting member joining us via video conference. Apologies for that omission, members.

**Mr. Dang:** Thank you, Madam Chair. I'd like to thank the ministry and the Auditor General for their remarks today and coming. I think it's important that we get into some of the nitty-gritty here today, particularly around many of the projects that happened or were funded in 2018-19 capital plans as that was when the capital planning process was still under the Ministry of Infrastructure.

I'd like to start by asking about flood protection in the capital plan in 2018-19. As I said already, the ministry was responsible for the capital plan of that fiscal year. Could the deputy minister perhaps outline for this committee the projects and the dollar value of grants that were approved by the government to improve flood protection across the province? If I'm not mistaken, there was \$43 million for 14 communities across Alberta through the Alberta community resilience program.

**Ms Flint:** In 2018-19 this department didn't actually develop the capital plan. That was taken over, I believe, in the previous year by the department of treasury, and that program is actually under the Department of Environment and Parks, so that question would be better directed to those two ministries.

**Mr. Dang:** Okay. Sure. I guess around some of those things, you had mentioned earlier that you had received the recommendations from the AG in terms of the Willow Square project in Fort McMurray and that the project was managed adequately in your words or the AG's words. Could you talk about the processes around that project management and whether it was interactive with the decisions around the ways of flood protection for Fort McMurray and how the projects interacted in terms of the relationship?

8:40

**Ms Flint:** Sure. One of the things about the Willow Square project: it was originally designed to be put into Parson Creek, I believe. What had happened back in 2016, just as I became deputy minister of the department, was that we had worked with the community, both the seniors associations in Fort McMurray as well as the city of Fort McMurray, to look at Willow Square. They had actually wanted Willow Square closer to downtown where it would be closer to some of the services that some of the members that were in the continuing care facility might be accessing or it was easier access for some of their family members to get to. It's also fairly close to the hospital, so if there were any emergencies that were to happen, they could be transported quite easily.

We are in a 1-in-100-year flood plain, and we did build the facility and design the facility so that the bottom of the facility is actually a parkade. It can flood, and it did flood this last spring. What we can do is we can go in and just clean it up and carry on with business. We've also designed it so that a lot of the mechanical, electrical, heating is on the second floor and on the roof to prevent any impact on that.

We've also worked with Fort McMurray in terms of looking at some of the flood protection initiatives that are undergoing, and I believe that they have some ICIP projects that might be actually approved. I'll have to double-check that, but that's sort of where we're at with respect to Willow Square in Fort McMurray.

**Mr. Dang:** On the ICIP projects I understand that the new government continued forward on the majority of those projects. Could you either – if you don't have the list in front of you today, perhaps give us back in writing a list of the cancelled projects and what amount of funds were committed to each of those cancelled projects for the province?

**Ms Flint:** Yeah. One thing that we have done to date is that we have actually approved – there have been 13 projects approved already. I'm just trying to find the information. I believe it's close to \$1.3 billion.

**Mr. Dang:** Okay. Thank you.

I understand that a number of the projects were continued and approved under the ICIP, but a number of projects such as the Lethbridge performing arts centre didn't move forward in the process. Could you get us a list of those projects and how many dollars didn't move forward?

**Ms Flint:** Sure. Just to clarify, we did have over 700 applications for the ICIP program, and just over 70 have been approved to date. We can provide you with the list of the complete 700 applications and then the list that did get approved.

**Mr. Dang:** Okay. Perfect. Thank you.

Now, moving on, just because I have a lot of things I want to get through here. I want to talk a little bit about the superlab project and the provincial government's management of that in the 2018-19 year. Now, obviously, that was a top priority of the former government, and a lot of rigour went into the assessment and the approval process, and it was already under construction, and a number of tenures had been made. Could you tell me perhaps from an Infrastructure perspective why that was such a high priority for the province?

**Ms Flint:** You know, the capital projects do go through a planning process, and the current government at the time had deemed that that was a critical component of the health care infrastructure moving forward. That was a commitment then made by the UCP government to – a decision was made not to move forward on that project, so now we are just in the process of cleaning up the site and putting it back to its original state.

**Mr. Dang:** Okay. Thank you.

I understand that I think it was about \$23 million that was spent on the project in terms of construction that had been started. Can you tell the committee perhaps at least as of March 31 how much money was spent cancelling the project? What does the amount include? What does it exclude? In terms of external costs to the ministry, how much does the remediation cost? How much do the termination of contracts cost? Those kinds of numbers.

**Ms Flint:** Sure. In 2018-19 the actual expenditure on the lab project was \$3.196 million. That would have been for some of the work that had been started as well as it would have been to pay for security and fencing around the site to keep it safe until we could put it back to its original state as well as to pay the construction manager that was on that project to maintain the site.

**The Chair:** Member Dang, you are muted.

**Mr. Dang:** Thank you. Sorry.

That includes things like termination fees and other things besides remediation as well?

**Ms Flint:** No. That does not include termination fees. Those would be included in the 2019-20 budget as well as some portion of it in 2020-21. Sorry. The 2019-20 budget and then the following year, 2020-21.

**Mr. Dang:** Okay. So I guess from a project manager standpoint and from a county standpoint, is the ministry going to do a full-cost accounting of the total amount that it's going to cost us over, well, potentially three or four years now, or do you already have that number? Are there any outstanding legal or financial issues you have to take?

**Ms Flint:** No. We have actually settled that, and we can get that information for you.

**Mr. Dang:** Yeah. That would be great. If you could submit in writing perhaps the full-cost account, I think it would be really important for Albertans and this committee to understand how much of a financial penalty the province underwent because of the termination of this critical infrastructure project.

I'd like to move on a little bit to capital maintenance and renewal. CMR, as you know, is a very large aspect of your ministry and essential for many of our buildings that are now aging and require some update. Can you talk about some of the accounting standards that were in place in 2018-19 and how the ministry accounted for CMR spending? I believe that at that point CMR was part of the capital plan, and when it was expensed, it cost directly against the deficit. Is that correct?

**Ms Flint:** Capital maintenance and renewal dollars are spent across several ministries. Education gets some for schools. Postsecondary gets some for postsecondary institutions. The health care dollars come into the Department of Infrastructure because we carry out any project that's over \$5 million, and then, obviously, the department gets capital maintenance and renewal dollars as well.

Sorry. Could you repeat the question?

**Mr. Dang:** Sure. Yeah. So I understand that there was a change, I guess, in how CMR was accounted for for 2018-19 to how it is today. Is that correct? Let's start there.

**Ms Flint:** No, that's not. No. We still account for it the same way that we did in 2018-19 as we do in 2019-20.

**Mr. Dang:** In that case do you mean that it's not going to look differently in terms of the deficit for the ministry or the Treasury Board budget?

**Ms Flint:** No.

**Mr. Dang:** Okay. So let's say that a new road or filling a pothole, those are going to be accounted the same in terms of the capital plan?

**Ms Flint:** Yeah. I can't speak for a pothole or Transportation.

**Mr. Dang:** Right, because that's Transportation's budget.

**Ms Flint:** Yeah. We would account for capital maintenance and renewal dollars the same way that we did in 2018-19 as we do in 2019-20 and 2020-21. It's a clear line, I believe, actually, in our statements that talk about capital maintenance and renewal, so it's fairly easy to find in the statements.

**Mr. Dang:** Sure. Do you know if that's – I know this isn't necessarily completely in your wheelhouse, but do you know if that's going to be the case for all ministries that CMR money is

going to be allocated to? I believe one of the ministers from a different ministry during estimates had mentioned that there was a change in that accounting so that it would show up differently in the deficits.

**Ms Flint:** Yeah. No. Thank you for the question, but I can't speak to how other departments do it. I can only speak to how Infrastructure does it.

**Mr. Dang:** Okay. So if there was a change in any other ministry, it wouldn't be reflected in terms of Infrastructure, and Infrastructure doesn't think it's reasonable or doesn't think that there is a need to change how to account for CMR?

**Ms Flint:** We don't believe that in the capital maintenance and renewal dollars there was a necessary change that had to be made.

**Mr. Dang:** Okay. Perfect. Thank you.

Sorry. Let me just pull up my note here. Yeah. I have a question in terms of some of the business assessments that your ministry is doing in project management. Sorry. I'm a bit all over the place today. I'm trying to hit on a lot of questions in not a lot of time here. I want to ask a bit about P3s because, as we know, in 2018-19 the former government did not move forward with P3 projects, did not do any of those projects other than ones that were already continuing from prior commitments, and the current government in new budgets has indicated that they want to do many more P3s and are looking to do things like business cases for P3s. Could you perhaps explain to the committee how many projects did business – were business assessments done for P3s, and how many specific projects that were considered for P3s didn't move forward because they failed the business assessment?

8:50

**Ms Flint:** Sure. The business case for the five schools that you're referring to did indicate that bundling the schools together and utilizing the private partnership delivery method may have resulted in value for money relative to other delivery methods. However, in light of the COVID-19 situation that impacted the economy, the government of Alberta has been leveraging opportunities to stimulate the economy, including accelerating projects where feasible. Since the design/build methodology allowed an earlier construction start, it was decided that the five schools be delivered using design/build. Delivering these schools as design/build will ensure occupancy to occur as early as September '22. It did demonstrate value for money, but because of the situation that we're in, we wanted to see jobs out on the street sooner, so we switched it to a design/build method.

**The Chair:** Just a quick reminder, Deputy. Public Accounts is backward looking, and we're asking about the '18-19 decisions. That's sort of a gentle reminder for everyone who are visitors to Public Accounts. So let's just frame our comments to that backward-looking – how funds were deployed at that time. Okay.

Thanks.

**Mr. Dang:** Thank you, Madam Chair. I'll certainly take that under advisement.

It looks like we don't have a lot of time left here. Perhaps you could explain to me, as we look backwards at projects that were made in the past: was there a difference in terms of for when we were using P3 funding for projects that had been previously committed by former PC governments versus NDP projects? If there wasn't a significant difference in that return, as you're stating, was there a difference in efficiency? It seems that you're able to



build those projects sooner if you use the traditional design/build method.

**Ms Flint:** Certainly, you can build the project sooner, but there was value for money in projects, and we do have a listing of all the projects that we have undertaken that did demonstrate value for money and continue to demonstrate value for money.

**Mr. Dang:** Sure. I guess the question is more – I know we only have about a minute left, here – in terms of if there was a value-for-money case, and you're making that case here today. Could you sort of explain how many projects failed those value-for-money cases and why they would have failed those?

**Ms Flint:** To date we haven't seen any projects fail the value-for-money in terms of the historic ones that we've done. If they would've failed the test, they would've actually taken a different delivery route, either design/bid/build or design/build or construction management.

**Mr. Dang:** Okay. Thank you.

I'm just looking at Aaron and the chair here. I don't know if we have any time left, but I'd like to thank you for that first block here, and I'm looking forward to speaking again in the second block.

**The Chair:** Thank you, Member Dang.

We will now move on to the 15-minute rotation for the government side. Colleagues, your rotation begins when you begin speaking, and I believe I have Member Stephan up first. Please proceed.

**Mr. Stephan:** Thank you, Madam Chair, and thank you, members of the Infrastructure ministry, for coming. I appreciate the important work you have. I'd like to talk a little bit about fiscal responsibility with my questions. I want to talk, first of all, about page 11 of the annual report. It talks about the Grande Prairie regional hospital. In 2007 my understanding is that the announced cost to the hospital was \$319 million. Can the department tell us how far over budget the Grande Prairie hospital is?

**Ms Flint:** Sure. Before I start that, I just wanted to give a bit of background in terms of the capital cycle that we typically follow when we do health care projects. Because we didn't follow the typical capital cycle for this one – typically we do planning. We do planning with Alberta Health Services, and we have a clinical services plan that is done that outlines each service that the hospital would be delivering. We also do a needs assessment as well as a business case, used to analyze infrastructure options to implement the requirements, and then a functional program, which defines the accommodation requirements and interdepartmental relationships.

The problem with Grande Prairie hospital is that none of the planning was actually done. You're correct, Member, that we did start with I believe it was \$307 million. Currently we are now at \$817 million. We do actually expect substantial completion and turnover to Alberta Health Services as of June 30, 2020, subject, obviously, to the impact of COVID-19.

**Mr. Stephan:** All right. You said \$800 million and how much?

**Ms Flint:** Seventeen.

**Mr. Stephan:** Seventeen. Plus additional amounts to complete?

**Ms Flint:** Yeah. We haven't gotten direction yet from Treasury Board, so until we get that decision . . .

**Mr. Stephan:** Okay. So we are approaching three times over budget?

**Ms Flint:** Absolutely. Yeah.

**Mr. Stephan:** Okay. I know that Graham Construction, who participated in this project, was replaced.

**Ms Flint:** Right.

**Mr. Stephan:** With that kind of scope of overrun, has anyone in government also been held accountable for this overrun?

**Ms Flint:** I took over the department in September of 2016 in terms of managing this project. I recognized early on that we did have some issues with this project, so as a result of that we were working quite closely with Graham to resolve those issues. Unfortunately, we couldn't come to terms with respect to delivery of the project, in terms of both the cost and time, between ourselves and Graham Construction, so we did have to remove Graham Construction from the project.

Since I've been deputy minister, we have not actually removed anyone from government or fired anyone on this project.

**Mr. Stephan:** How long was Graham Construction on this project for?

**Ms Flint:** They had been on the project since the project started.

**Mr. Stephan:** That started in or about 2007?

**Ms Flint:** That's correct. Yeah.

**Mr. Stephan:** And they were removed when?

**Ms Flint:** I want to say in 2018. Yes.

**Mr. Stephan:** So why did it take so long for Graham Construction, in terms of the cost overruns, to, you know, be called to account?

**Ms Flint:** Yeah. We were actually trying to work with them throughout the entire project. One of the things that kept happening was that we did keep getting some changes in terms of what the project would look like, so that kind of hindered us. We had to add more dollars into the project. I can't speak to what happened before my time; I can only speak to what happened after my time.

**Mr. Stephan:** Okay. What have we learned, I guess, from this project? What would've we done differently? I think you kind of alluded to it partly, but how would this never happen again going forward? That happened just a few years ago.

**Ms Flint:** Yeah. One of the things that we clearly need to do is that we need planning to be done prior to going forward with any project. That means, particularly in the health care side, that we need a clinical services plan done. We need a needs assessment, a business case, and a functional program, which happens now, in terms of moving forward. Then we would actually go for capital planning approval funding because we would have a better idea in terms of what we're building and what the services are that would be going into the hospital. We would potentially even have some of the design done, and we would probably have a different methodology in terms of delivering a project. For instance, I'll give you an example on the Calgary cancer project. That's a design/build project, so we have a much better idea in terms of the design and the cost of construction in terms of moving forward.

We do use other methods in terms of delivering projects, design/bid/build, and even construction management where it's appropriate. The department does have a methodology or an assessment that we use when we're looking at any project in terms of the project delivery, so we have built in a number of these things. The other thing that we've also built into several projects is penalties so that when projects are not built on time or on budget and it's the construction manager's fault – we do have penalties built into, for instance, the Willow Square project as well as the Calgary cancer project to alleviate or help assist with mitigating that risk in the future.

9:00

**Mr. Stephan:** All right. I'm going to talk a little bit about kind of the converse issue. If the Grande Prairie hospital had a budget that was announced of \$1.5 billion, it would be wonderfully under budget. I'm wondering: how do we ensure that there aren't inflated government budgets for completion that may, I guess, tend for there to be inefficiencies in the project implementation, which would really crowd out other capital projects that maybe aren't on the list? How do we not only ensure that we stay in budget but that we don't sort of artificially set the goalposts way too easy with inflated budgets? How do you have that internal control?

**Ms Flint:** Well, when we first start with a project, the business case and the functional program actually give us a good idea in terms of the total cost of what the project might be. Actually, when we go out to tender or to RFP for this project, it is a very competitive process. But the other thing that we do in terms of internal controls is that we do have a risk management framework that is developed as well as risk mitigation strategies to guard against some of those. We do have project management plans that look at that as well, and we do actually work with our clients as well as the construction manager very closely to make sure that cost overruns don't happen.

There's also a process in place where, if there are any change orders that are required, they have to go through a very thorough analysis in terms of the process that we have internal to the department. One example I'll give you: in terms of the Willow Square project, for example, it is probably several million dollars under budget. To me, that demonstrates that we do have correct oversight on projects that we're moving forward with.

**Mr. Stephan:** That would be the case unless the budget was set too high in the first instance?

**Ms Flint:** Yeah, and that's why we do the functional program and the business case, to get an idea of what we're actually building and to look at that.

**Mr. Stephan:** In terms of the budgets that have been set for infrastructure projects, do we have tools to compare how the private-sector costs would be to complete a comparable project?

**Ms Flint:** It's difficult to do that because, particularly for hospitals and schools, it's primarily governments that actually build those. We could do a comparison, I guess, of projects that were built, for instance, by Infrastructure Ontario or the B.C. government in terms of some of the projects that we do build. It would be hard to get that comparison from the private sector because they typically don't build or tender hospitals or schools.

**Mr. Stephan:** Usually not. How do we compare to the other provinces?

**Ms Flint:** I'd be happy to actually bring that information back to you. We've done it, actually, for capital maintenance and renewal,

and we know that we're very competitive in that. But I'd be happy to bring that back to you.

**Mr. Stephan:** Okay. My final question is: how do we ensure that our capital projects are modest and practical in their design and construction and not elaborate, again crowding out taxpayer dollars? You know, in terms of building Taj Mahals, how do we make sure that we accomplish the purpose in serving the public interest but are not elaborate?

**Ms Flint:** Yeah. One of the things that we do work with is both our clients in Alberta Health to understand what their needs are as well as our clients in Education as well as school boards. For instance, I'll give you an example on school boards. On the last five design/build projects that we did for school boards, we did 30 per cent of the design so that we understand that we want this replicated in those five schools. We also developed design standards or statements of requirements to prevent that in terms of moving forward for any capital project.

**Mr. Stephan:** Actually, I have one more question because of your response. You mentioned sort of that internal control process you have relative to Education. Do we have that same sort of internal control, a second check, as it relates to Health infrastructure projects?

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

**Mr. Stephan:** Okay. Thank you.

I'll turn my time over to, I think, Member Guthrie.

**Mr. Guthrie:** That's right. Thank you. On page 12 of the annual report it states that 30 schools were built in '18-19. I know you mentioned it in your intro, but can you tell us again: how many are currently under way, including construction, design, and planning, and what would be the split between Infrastructure-built projects and school board-built projects?

**Ms Flint:** There are 74 active school projects under way as of April 30, 2020: 50 are in planning, design, tender, or contract award; 14 of those are in construction and expected to open by the end of this year; and then 10 are in construction and expected to open by the end of 2021. I can provide you with a list if you'd like that, Member.

As well, out of the 74 active school projects 51 are Infrastructure-managed projects. The ministry manages the projects from design to construction and warrantee phase. Twenty-two are school jurisdiction managed projects, grant-funded projects for jurisdictions to contract and manage building design and construction work, and one project is yet to be determined in terms of the delivery method. I'm happy to provide you, again, with that list of schools as well in terms of 51 versus 22.

**Mr. Guthrie:** Yeah. That would be great.

Okay. On page 7 of the annual report it states that "Infrastructure works to ensure public infrastructure . . . needs in a cost-effective and efficient manner." Now, the department has experienced issues with timeliness and project overages, including several school projects such as Two Hills, Fort McMurray. Now, stakeholders have complained about a lack of detailed drawings to begin projects, and then there are excessive change orders that occur, and then there are long periods for approvals of those changes. That slows down the process and increases expense. What initiatives are your department taking to reduce the change orders and mitigate risk to improve timeliness of future government projects?

**Ms Flint:** Sure. Maybe I'll talk about one of the projects that we did face many challenges on, and it was the Two Hills Mennonite school. It did lead to change orders and an extended construction timeline, which stemmed directly from an unsuitable building site. On that building site we had a high water table, we had poor soil constructions, and we ran into an artesian well and the presence of methane gas. In order to deal with the site conditions, it did slow the project down. We did work with the school jurisdiction to identify, actually, an alternative construction site, but there was not one available, so we had to deal with that site. We did maintain a lessons learned log in which issues like the ones encountered by the Two Hills Mennonite school are captured. These lessons learned are factored into our technical design requirements and processes. We're also undertaking additional investigation and monitoring work.

**The Chair:** All right. Thank you, Deputy, and thanks to the government side.

We will now move on to the second rotation, in which the Official Opposition has 10 minutes, with Member Dang, I believe, leading off, please.

**Mr. Dang:** Thank you, Madam Chair. I just have a few questions here, and then I'd like to turn my time over to some of my colleagues, who I think will have some other questions. I want to circle back to Fort McMurray and the Willow Square project. I know we spoke about that a little bit earlier and some of the mitigation measures you had put into the building itself as project manager for that project and some of the things that you did. Could you speak perhaps to the relationship that your ministry had with other departments regarding flood mitigation and whether there was any discussion around how it fit into an overall flood mitigation plan?

**Ms Flint:** I believe the Department of Environment and Parks is actually working with the town of Fort McMurray to look at flood mitigation measures to prevent flooding of the downtown area, but I would have to refer you to them to actually talk about the discussions that they have had.

9:10

**Mr. Dang:** So you're saying that your department didn't have an ongoing consultation with them around that?

**Ms Flint:** No. We had ongoing consultations around the building of Willow Square and also about some of the flood mitigation practices that we would be putting into the actual build of the facility.

**Mr. Dang:** Okay. Perfect. Thank you.

I want to ask a little bit about, just because Member Stephan had talked a bit about it, the Graham project in Grande Prairie there, the hospital. It obviously took a number of years to build, and "a number" might be an understatement there. I believe the project was approved in 2007. Is that correct?

**Ms Flint:** That is correct.

**Mr. Dang:** So 2007. Do you happen to have on you who the minister was that approved that project?

**Ms Flint:** No. I do not know that.

**Mr. Dang:** Okay. Sure. But it would be correct to say that that was under the PC government as well then, right?

**Ms Flint:** Yes. That would be correct.

**Mr. Dang:** Okay. Thank you. Just for the record here I believe that it was actually now Minister of Transportation McIver who was responsible for approving that project in 2007. When we talk about some of these projects – I think it's interesting that we have context when we talk about these as well.

I want to ask about the 244 schools that were modernized or newly built under the former government as part of that large rollout. Member Stephan, again, referred to some of these projects as Taj Mahals. Now, I understand that a typical K to 9 school costs in the 20-ish million dollar range here in Alberta and that a high school costs in the \$70 million to \$80 million range. Is that correct?

**Ms Flint:** K to 9 schools are typically around \$20 million. You are correct. High schools can range anywhere from \$50 million to \$70 million. It really depends on the size. Some high schools are only 900 students. Some high schools are up to 1,200 students or 1,400 students.

**Mr. Dang:** I think you had mentioned it a bit earlier, but could you just say it again for the record, I guess? In your comparison, I guess even internally, previously with other builds of schools and perhaps in projects in other jurisdictions, would you say that this is sort of on par in terms of what a school costs to provide a safe learning environment?

**Ms Flint:** We're pretty confident in the ability that we're getting value for money for the \$20 million that we are moving forward with for some of the K to 9 schools. We do have standards, a statement of requirements, that are issued to ensure that we are getting what we need in terms of a school. School boards do often sometimes partner with some of the communities to enhance the building and raise public dollars to perhaps put in more enhanced facilities that they want to see, but that's typically raised by the parents.

**Mr. Dang:** Right. Yeah, by the community, as it were, I guess.

Around that, the idea of schools again, then, my understanding is that these schools – and you can correct me if I'm wrong – are designed by the local school district to meet the needs of those communities. Is that correct?

**Ms Flint:** Yeah. We do have standard designs and a statement of requirements that every school must have – like, for instance, a gymnasium, washrooms – but we do engage the school boards to make sure that the school actually fits the needs of the community. I should also say that we do have to design schools a bit differently because not every site is the same. So there are modifications that we may have to make to the school to actually fit on the site that we're talking about. For instance, if there's a hill, we may have to put in more windows because you might have to build into the side of a hill or if there's more grading that has to be done. It really does depend on the site as well. So it's tough, as I said, to cookie cutter these. We try and do as much as we can, and we do have a statement of requirements and a 30 per cent design done now.

**Mr. Dang:** I guess that on that idea, there are a number of sites, I believe, in those 244 that ended up with some of those site assessment problems, and a number of projects that had site assessment problems were because sites that had been announced by the PC government in 2013-14 did not have site assessments done in advance of the announcements. Would you say that when we look at these projects, it's important to actually plan out thoroughly before we do announcements?

**Ms Flint:** One of the things that we have put in place as a result of the recommendations by the office of the Auditor General is we do have in place that sites must actually be ready by the school boards before a school can be put on there. So services must actually be on the site. It must be a suitable site to accommodate a school. Since then there have been a number of recommendations that have been put in place to not run into that situation again.

**Mr. Dang:** All right. Thank you. I think that's what I have for now. I'm happy to pass the time over to some of my colleagues here. I believe Member Hoffman here has some questions for you as well.

**Ms Hoffman:** Yeah. Thanks so much. I think it was actually Minister Ouellette back in 2007. I don't think Minister McIver was yet elected at that point, but definitely the deputy minister was correct in saying that it was during a PC government time when the hospital was initiated. I know that this was a project that went on for quite some time.

I want to take a minute to just say that the characterization of public infrastructure builds in the province as Taj Mahals I find highly offensive, particularly 244 schools that were long overdue and very much in need for the ongoing proper functioning of public services in our province. I want to say that first.

I do have a couple of questions I wanted to ask around prompt payment as it relates to infrastructure projects. I know often we pay the person that we have a contract with on behalf of the province of Alberta, and if there are holdbacks on the project due to pieces not being fulfilled in that requirement, then it sometimes means that contractors don't receive prompt payment. I definitely have heard about that as it relates to infrastructure projects in my own riding. So I'm wondering what was done in 2018-19, how many complaints we may have had around prompt payment for contractors, and how those were resolved or if they were?

**Ms Flint:** As you are correct in pointing out, we do have prompt pay that we do follow in terms of paying within 30 days after the work is completed. Each construction manager is obligated to sign us a statutory declaration indicating that they will pay their subtrades or have paid their subtrades on an ongoing basis. I haven't heard directly of any complaints, but I'm happy to hear about those and investigate them if you have some issues.

**Ms Hoffman:** Sure. Thanks. Yeah. It's typically with contractors who, you know, are three degrees separated from the government of Alberta in terms of the work they've done. They believe that their work was done to a proper standard, but the money wasn't distributed because the whole project isn't completed or there might be other issues. I'd be happy to follow up with you on some of those when those concerns do get raised with my office, because it does happen from time to time, especially when we're rushing to get shovels in the ground and people building these important projects. It's important that we also pay them, so I appreciate your willingness to follow up on some of that.

I also wanted to touch on children and adolescent mental health, a CAMH initiative here in Edmonton. I was wondering if you could give us an update about what was completed on that project in the 2018-19 fiscal year and if it's possible to get an update on where it is today.

**Ms Flint:** The CAMH project – Tracy, do you have an update on that?

**Ms Allen:** Thank you. Through you, Chair, the CAMH project was deferred as part of Budget 2019, I believe, so the Ministry of Health

could look at some additional options for the areas it was going to serve.

**The Chair:** Thank you.

I will now move over to the government side for the 10-minute rotation, I believe starting off with Member Guthrie. If not . . .

**Mr. Guthrie:** Correct. Yeah. Thank you. Just for clarification here Grande Prairie hospital I think you said started in 2007?

**Ms Flint:** That's correct.

9:20

**Mr. Guthrie:** Okay. Minister McIver was elected in 2012, so clearly could not have approved that project five years earlier. I just wanted to make sure that we have that on the record.

Ms Flint, could you continue on there? You were partway through your explanation on Two Hills and the lessons learned. Do you recall where you were with that?

**Ms Flint:** Yeah. I have some analysis that we did do. I talked about some of the lessons learned that we had. We do have technical design requirements for Alberta Infrastructure facilities as a guideline that does guide the ministry's experience and lessons learned. The ministry regularly updates these technical design standards, and I spoke about making sure that we did have sites ready, that we wouldn't run into these problems in the future because a site assessment would have been done and they would be serviced. The site would be ready before we actually build, so we wouldn't run into these kinds of issues before.

Yeah. I think that's what I would like to add to that question.

**Mr. Guthrie:** Okay. Many of the projects that we're discussing here are those that have been delayed, that have had those cost overruns; they've led to increases in dispute resolution via arbitration. I'm just wondering. Can the department tell us the extent of expense for dispute resolution in the annual report? I couldn't find anything on it. Then: what category would that be included in? Furthermore, can you just comment on dispute resolution process and its effectiveness?

**Ms Flint:** Sure. As you know, projects can be delayed for a variety of reasons, including weather, natural disasters like, for instance, what we experienced in Fort McMurray, the wildfire and the recent flood, but not all projects experience delays, experience cost increases. We do have a process that we do go through in terms of – we do try and work with the construction manager to resolve situations. Where we can't agree, projects do go to arbitration. About 5 per cent of our projects do go to arbitration. Right now we have, I believe, six active arbitrations. In the periods between 2014-15 and 2018-19 Infrastructure had over 5,600 contracts, and only five went to arbitration. Typically what we do with respect to arbitration is we try and cover if we have any arbitration costs, if we have money in the actual project itself. It could be from money that was left over because we either saved money or we didn't use all of the contingency for that project. That's where you would first go to find the dollar value.

The second thing is if we have an arbitration where the money is not in the capital plan or in the department's budget, we would have to actually go back to Treasury Board and Finance for that money to resolve the arbitration claim. We did remove arbitration language from all contracts in fall of 2019 and did replace it with dispute resolution language. We try and attempt to resolve disputes through settlement meetings. If that cannot be resolved within 30 days,

either party is welcome to take each other to court to resolve the differences that they might have. I should point out that this change was also done in conjunction with the Ministry of Transportation so that both ministries that are doing large construction projects are aligned.

**Mr. Guthrie:** Okay. Is there a figure?

**Ms Flint:** I would have to go back. They would be embedded in each one of the projects that we would . . .

**Mr. Guthrie:** Okay. Engineering and contractor selection: obviously, these are pretty important to the success of a project, as we've been hearing about. The criteria of using the lowest bid, at least in my opinion, often does not mean the best value. Many companies with a low bid will do that with the intention of making it back and change requests later on, so obviously evaluating these bid packages for their completeness is very important as well as the quality of that contractor. Is the department exploring best practices for contractor selection, and are there limitations on the department such as trade agreements that affect contractor selection?

**Ms Flint:** Alberta Infrastructure is focused on evaluating procurement methods that ensure experienced and quality contractors and consultants are engaged on government of Alberta projects, that do respect trade agreements in terms of moving forward. To support these efforts, Infrastructure does conduct procurements according to the principles of openness, transparency, and fairness. There is a procurement accountability framework that does govern all of government in terms of procurements. We can use procurement processes such as invitation-only procurement approaches for construction projects under \$100,000 according to the trade agreements and consulting under \$75,000.

The other thing that we do, where applicable: we also, when we use a design/build or a construction management project that does deliver on larger construction projects, have a bidding system where we actually score the individuals to make sure they actually have the qualifications to do the job and that they have the ability and that the team that they have selected can actually have the engineering and the consulting experience. The technical capabilities are considered along price, but once they're scored on that, then we actually go to the price. Often they have to achieve a certain ranking, say, of 70 or 75 out of 100, on the ability to actually deliver the project, so their technical capabilities in terms of moving forward. If they don't achieve that, they don't move on to the second stage, and then we would just go – say, if there are three that achieve that certain ranking, we would then go to price to determine who the successful bidder was.

**Mr. Guthrie:** And how do trade agreements . . .

**Ms Flint:** Yeah. Trade agreements do restrict us from sort of sole-sourcing. We can sole-source in terms of emergencies if we do have an emergency that is greater than, as I mentioned, \$100,000, but we can do invitation-only procurement methods for construction projects under \$100,000. Anything over \$100,000 we typically do go for a bid on, and then consulting services under \$75,000 we can also go for invitation only. So that's kind of how the trade agreements actually play in the construction and consulting world.

**Mr. Guthrie:** Okay. I'm told that, you know, the greatest risk of cost overruns and delays comes in that first 10 per cent of the project development, and much of the time the time issues that are leading to confusion occur between engineering and procurement,

the contractor. Has the department considered bringing in the contractor at an earlier stage to work in a collaborative fashion with the designer in order to have a more seamless project build?

**Ms Flint:** Thank you. We do. As I mentioned previously, the department has developed a project delivery systems evaluation matrix. It's a decision tool that assists the department in determining the project delivery model best for whatever project that would be, and it does assist in evaluating project risks in terms of what selection tool that you would do. Currently we do the traditional methods: design/bid/build, construction management, design/build, and, obviously, public-private partnerships. Some models such as construction management do allow exactly what you talked about. It allows the owner to retain control but also brings the contractor into the design process in order to collaborate and provide input into that design to mitigate some of the issues that you talked about.

**Mr. Guthrie:** Okay. Member Stephan had brought up, you know, some of the elaborate designs, and I . . .

**The Chair:** Thank you.

We will now move on to 10 minutes for the Official Opposition, starting off with Member Hoffman.

**Ms Hoffman:** Thank you very much. I would like to talk a little bit about some of the long-term care and continuing care projects that were under way. Could you tell us the status of the Bridgeland and the Norwood projects, the Edmonton and Calgary projects respectively, how many jobs those two projects were creating in 2018-19, and where they're at today?

**9:30**

**Ms Flint:** Sure. I'm just actually looking for the information that I have with respect to that. I do have a long sheet that I'm looking for that actually talks about where we're at with those.

I'll talk about perhaps the Norwood project first. That's a Norwood long-term care facility that we're building here in Edmonton called, actually, the Gene Zwozdesky centre. It's \$379.1 million, and right now it is on schedule and on budget. It's a construction management firm. Right now they're actually doing site preparation on that site.

We are moving forward, as I mentioned, on the Fort McMurray residential – sorry. I should talk about the number of jobs, actually. I think I do have it here. No, I don't, but I can get that for you. I can't just – if I could confirm it.

**Ms Hoffman:** That'd be great. If that could be tabled as well as the Bridgeland update, the Calgary site, that would be excellent. Yeah. If that could be provided in writing, that would be more than sufficient.

**Ms Flint:** I can give you an update on the Bridgeland project, if you'd like, right now.

**Ms Hoffman:** Okay. Sure.

**Ms Flint:** We are actually in the process of – just finished request for qualifications. We will be moving forward with an RFP and, hopefully, construction will start on the Bridgeland continuing care facility this fall.

**Ms Hoffman:** That's great. Super. And the job numbers would also be great.

I'm wondering if we keep track of deferred maintenance for provincial infrastructure capital. I know that school boards typically

do their own assessment each year for what their anticipated deferred maintenance is, but I'm wondering if we have a rolled-up number for the province of Alberta, either by ministry or overall, I imagine, is sufficient.

**Ms Flint:** Yeah. I do actually have a number for deferred maintenance in terms of moving forward. Right now the deferred maintenance summary on government health, school, and postsecondary institutions is \$2.586 billion.

**Ms Hoffman:** I actually thought it would be bigger. It's not a small number, but I recall, I think, Edmonton public alone was more than three-quarters of a billion. I'm wondering: do we use our numbers based on agencies, boards, and commissions doing their own assessment and then rolling it up, or do we have our own way of doing an assessment to arrive at that \$2.586 billion number?

**Ms Flint:** Yeah. Andy, can you just provide details? I don't believe that actually included education facilities.

**Mr. Ridge:** Yeah. We can definitely present to you all of the deferred maintenance numbers for government facilities, schools, postsecondaries, transportation. They do follow a similar methodology. It's simply what's outstanding from the perspective of the building – new roofs, new boilers – based on the life of those functions. So there's a consistent methodology in that regard. It really depends on how many facilities you have. Schools have many more facilities. Infrastructure is accountable for about 1,600 facilities. So that's going to influence that overall number, but the key is that there is not only a consistent methodology based on the nature of the asset but across Alberta. As we see across Canada and North America, there is a deferred maintenance liability, so it's critical to have a very rigorous capital maintenance and renewal program, which we do have in the department.

**Ms Hoffman:** If that assessment and the breakdown could be shared with us in writing, that would be helpful to me. And if you want to include the strategy on how to address that moving forward, too, that would – you've mentioned that we have a pretty strict strategy and investment plan, so if you could table some of that in writing, that would also be helpful.

I'm wondering if asbestos is factored into that or if asbestos abatement is a separate assessment and if we have any kind of measure or estimate as to what our asbestos abatement cost would be in the province if we had to do it. Obviously, we don't have to do it all at once, but I think it is good to know what our liabilities are with regard to asbestos.

**Ms Flint:** We will undertake that. The other thing, too, I should probably mention about asbestos is that when we go in to actually do buildings, unfortunately we don't actually always know if asbestos is contained. We can kind of tell it by the year. So it will depend from building to building.

**Ms Hoffman:** That's fair. Whatever information we do have I think would be useful for us, to know what our risk mitigation is there.

The last question I'd like to ask in this rotation is around more detail around the Edmonton and north lab hub that was under way during the fiscal year under review. I'd like to know how many jobs were active at the time that the project was shelved and what the projected job count was for that initiative and then also the rolled-up numbers for infrastructure jobs during the '18-19 fiscal year. I know that driving down the highway I'll see a job count on those signs. I imagine we have them for the other sites. I've seen them in

front of some other infrastructure projects, so could we get a rolled-up job count for the '18-19 fiscal year, please?

**Ms Flint:** Yes.

**Ms Hoffman:** That's great. That's it for my questions in the rotation. I'd be happy to share my time with my colleagues. I think Mr. Dach is probably next.

**The Chair:** Yes. Member Dach, please.

**Mr. Dach:** Yes. Thank you, Chair. I have questions for the ministry. I'd like to ask about policies in place about capitalizing FTEs, or full-time equivalents. As the ministry and members of this committee are likely aware, it's commonplace to cost in some ministry staffing towards big capital projects. For example, somebody working in Health on project management on a large-scale project might be costed to that project and paid out of the capital plan. This is of course called capitalizing FTEs. As the ministry responsible for the capital plan in 2018-2019, can you tell me about the policies in place for your ministry and across the GOA on capitalizing FTEs?

I'm asking because we've heard rumours that the new government in certain ministries has become more aggressive in this approach as a way to move staff out of the operating budget and therefore artificially lower the deficit. These are actions that might be offside with public-sector accounting standards. Now, I can't ask about 2019-2020 fiscal year and onwards, but I can ask about 2018-2019. I want to understand what policies were in place, and later the committee can learn about any changes that the policy in 2019-2020 had impact on. So can you tell me about 2018 and the policies for capitalizing full-time equivalents?

**Ms Flint:** Sure. The department does have in place a capitalization policy that does look at capitalizing staff that are directly related to delivering a project. For instance, we have staff in the capital projects delivery division that are primarily capitalized against the projects that they deliver, whether it be a school project, whether it be a health care project, a government facility project. We do have staff in our procurement shop that are also capitalized against capital projects in terms of the projects that they are delivering on, and those are, primarily, most of the FTEs that are actually capitalized in terms of capitalization.

The guideline is that we do follow the public-sector accounting standards, which do allow for staffing and other overhead costs to be legitimate costs of capital projects if the costs are directly attributable to that project. The main objectives of capitalizing costs for tangible capital assets are to maintain appropriate accountability for government assets, to measure and report the full cost of government operations and capital assets, to ensure efficient and effective use of those assets, and to ensure accounting consistency across government. We do start at the pre-project planning, strategizing, assessment, feasibility stage. Those are an expense. Then when we get into project definition, design of chosen path, and start-up, all the way through to postcompletion evaluation, those are either an expense or capitalized expense.

We in the department have not changed the capitalization policy from 2018-19 to 2019-20, and I don't believe we've changed it, actually, for 2020-21. We continue to follow the same guideline and practice that has been in place for several years.

**Mr. Dach:** Well, thank you for that. Can you provide the policy in writing to the committee as you've outlined verbally, and if this policy differs, can you provide it for all ministries?

**The Chair:** Thank you to the Official Opposition side.

We'll now move on to the third round of questioning for the government side, and your 10 minutes begin when you begin speaking. I believe we're leading off with Member Gotfried.

9:40

**Mr. Guthrie:** It'll be Member Guthrie, with one more.

Now, earlier Member Stephan had brought up the elaborate design. In Airdrie St. Veronica school was built and it came in under budget and it was completed early. I know that when I toured the facility, they discussed going back to the use of cinder blocks as one way to reduce costs and for ease of use. What other methods are there to reduce costs and have more projects like St. Veronica, and does the department complete postproject analysis to evaluate best practices going forward?

**Ms Flint:** Sure. Maybe I'll defer to Tracy to answer this question.

**Ms Allen:** Yeah. Sure. There are a lot of innovative practices we're looking at to standardize how we construct the schools and bring down the costs as much as possible, whether it's, as you said, going back to using cinder block walls. One of the key things the Ministry of Education continually pushes us and asks us to do is ensure that the buildings are constructed to allow for flexibility and adaptation as the schools age and the needs of the students change, so that's where we also see a lot of our cost savings.

Sorry. The second part of your question was . . .

**Mr. Guthrie:** Postproject analysis.

**Ms Allen:** Yes. We do go in and do postoccupancy reviews with the staff as well as the students to look at what is working, what's not from both a flow perspective, the interactions with the students and the staff as well as the maintenance. Are we seeing the energy savings we expected out of this building and out of this design?

**Mr. Guthrie:** Okay. So you're always trying to improve.

**Ms Allen:** Yes. And lessons learned.

**Mr. Guthrie:** Okay. Great. Thank you.

I will pass my time over to Member Gotfried.

**Mr. Gotfried:** Thank you, Madam Chair, and thank you to the ministry for joining us today. I just thought I'd loop back to the Willow Square project and some of the costing there. In the annual report on page 11 it states that Willow Square project is still under construction, and, last I heard, the construction of Willow Square continuing care centre in Fort McMurray was targeted to be completed this past April. It's now June, so I just wanted to find out: is the project complete or nearing completion? Do we have a date, and when do we expect residents to move in?

**Ms Flint:** Sure. As you know, the Willow Square continuing care facility was impacted by recent flooding that occurred in Fort McMurray. We did see that the parkade level, which is the lowest level of the building in terms of what I spoke to, was flooded with about 1.5 metres of water. As I mentioned, it didn't meet the residential levels. We're now doing a flood-damage assessment and doing remediation efforts, that have commenced. We are working with the design builder, the insurance agents and adjusters to make sure that we understand what is going on. Once that assessment of the flood damage is completed and we can get regular crews back in to finish up the work, the schedule for opening of the facility will be updated and released.

**Mr. Gotfried:** All right. So there's an expectation that we can move them in in the next few months. Would that be fair to say?

**Ms Flint:** I think that would be a fair assessment.

**Mr. Gotfried:** All right. Thank you. Also with respect to the Willow Square project, we've heard that there are, you know, varying reports in terms of the cost per door of that project over the last couple of years, particularly with respect to some of the comparisons with similar projects. Can you please give us an idea of the project cost on a, let's say, per-door basis or per-bed basis in terms of the cost of that project and maybe just reflect on that compared to some other design/build projects done by your department?

**Ms Flint:** As you know, we did use a competitive design/build construction methodology and procurement. The contract was awarded on best value, and substantial financial risk was obviously transferred to the design builder. The project is nearing completion and within the original \$110 million estimated, and we recently reduced the budget by \$8 million to reflect project cost savings. I'm trying to think of how many beds are in there, and I can give you the estimate. Sorry. The estimated cost of the 144-bed facility at Willow Square site is \$110 million less the \$8 million that we saved.

**Mr. Gotfried:** All right. Thank you. I'm trying to get a sense of the comparison maybe with some other projects that we've done or have been done in the past with respect to partnerships with the private sector, with the not-for-profit sector, faith-based sector in the long-term care field. Do you have any comparisons of per-door costs from a government budgeting perspective and investment perspective on projects that have been done in collaboration with other organizations, whether that be the private sector or not-for-profit or faith-based sector?

**Ms Flint:** Sure. We haven't done that analysis, but one of the things that is hard to compare is when we look at different locations in terms of the location that we're dealing with. For instance, Willow Square is a good example of that, where we know that we are in a 1-in-100-year flood plain, so we had to put in place some additional flood-mitigation measures to make sure that we were protecting that site if we did have a flood like we just did. So it would be hard to compare the actual projects versus continuing care facility that may have been built by the private sector.

**Mr. Gotfried:** All right. I've been contacted by a lot of stakeholders with respect to the very inflated costs on the Willow Square project, hence my question there. It would be very interesting, I think, for us – and maybe it's something we can do on a follow-up basis with respect to some comparisons of like projects, so at least factoring in some of the similar challenges and circumstances around projects. But variation can be certainly imparted to that.

Can you just tell us a little bit about how the department – you know, what are your major concerns about the cost overruns associated with the Willow Square project and what you've learned particularly on that site, particularly if you were to do a project like that again with similar challenges to it?

**Ms Flint:** As you'll recall, I walked through that we had good planning and a functional program and a business case done before we walked into that project, so we had a pretty good idea in terms of the costs that we would be facing. The original budget was \$110 million for the Willow Square project, and it actually came in \$8

million in terms of project savings, so I would say that that was one of the successful projects that we had in terms of actually saving money.

In terms of moving forward, I talked about the procurement methods that we go through in terms of procuring projects to alleviate cost pressures or to get the best price for the public dollar in terms of moving forward.

**Mr. Gotfried:** All right. That's great. I would like, if possible, in the future maybe to give us a comparison of some of the investment in terms of costs on past projects that have been done in partnership with other organizations so maybe we can move back on that.

Moving on, in the February 2020 Auditor General's report it identified a new recommendation for Infrastructure – and I think Fort McMurray residential base care at Willow Square, was referenced – to improve certain project management processes for capital projects. What is Infrastructure doing to address this recommendation from the Auditor General? Obviously, we have some reflections now on some specific projects to do so, but what exactly is going to be done to address some of those management processes going forward?

**Ms Flint:** Thank you. You're right in terms of the Auditor General did complete fieldwork from January 28 to February 2019, to evaluate project management systems for the planning and design of the Fort McMurray residential Willow Square project. As a department we're always looking at ways to continually improve the way we actually deliver our business.

Recently, we did make several improvements to the project management system as it related to the planning of the project. We do have new tools to track project deliverables. We have enhanced tools for risk management, financial management, schedule management, and the project charter. We ensure project teams are clear on expectations for financial management controls and project documentation, and we implemented several monitoring and oversight controls on this project in terms of moving forward. So, as I said, the audit assessed if Infrastructure did have defined and controlled project scope, planned, developed, and controlled project schedules, planned cost management estimates and controlled project costs to plan risk management and identify and analyze and control those risks and develop and control project contracts. These enhancements that we made are being applied across the board on all projects in terms of moving forward.

9:50

**Mr. Gotfried:** Thank you, Deputy Minister.

**The Chair:** All right. Thank you, Deputy.

We will now go over for our fourth rotation to the Official Opposition. Just for those who are following along, this is the fourth rotation of questioning and the final rotation of questioning, 10 minutes per side, and then there are three minutes for each side to read questions into the record that ministry officials can follow up with in writing.

We are now moving over to the Official Opposition side, and I believe it's Member Dang to lead off. Yes, please.

**Mr. Dang:** Thank you, Madam Chair. I just want to be really brief here because I know that some of my colleagues have a couple of questions they still want to get in as well. I just want to start by talking about the southwest hospital here in Edmonton, the Edmonton south hospital. This was a project that was approved a couple of years ago here, and I believe it was approved with \$500 million design funding. I guess the question is: since Alberta Infrastructure was leading the construction of that project and

leading the project in that way, is it correct that you were coordinating with Alberta Health in the design of that, using those monies throughout that before the project was delayed to 2030? Is that correct?

**Ms Flint:** That is correct.

**Mr. Dang:** I guess my question is around these projects. I'm just looking for an update. These projects, when they get designed, often get built, of course, many years later. There's usually a five- to seven-year construction outlook on these. Will you have to redo any of that design that was already started because it would become out of date now that it's been pushed back an extra five years?

**Ms Flint:** Where we are with respect to the Edmonton hospital is that we are just looking at doing the site work. The clinical services plan actually has been developed in terms of moving forward. That was approved in March 2019. There are, obviously, factors that we are looking at when we look at a new Edmonton hospital. The selected site has been deemed suitable for the new hospital for a number of reasons. I won't get into them, but we are looking at this.

One of the things that I wanted to stress is that, as I mentioned, we go through a fairly comprehensive process in terms of planning. Now that we have the clinical services plan, the business case and functional program will be done in terms of understanding what the costs will be. We are also looking all the way through in terms of making sure that we have built a hospital that's flexible enough to accommodate a hospital of the future. What typically gets done sort of at the last moment isn't necessarily the hospital rooms, but it's more the rooms that are used for, I'll say, MRIs or very technical equipment that has to go in there. Often those rooms are developed and designed at the last moment to accommodate the changing things that we see with respect to equipment in the hospitals.

**Mr. Dang:** I guess most of the year-round technology changes so quickly that you have to decide at the last possible second.

**Ms Flint:** Yeah. We do try and design for the future as much as possible, but obviously we do have to make sure that we can accommodate any changes in health care technologies as they arise.

**Mr. Dang:** If I may, I guess my question is: now that we're pushing this back to 2030, delaying the project quite substantially, will this have impacts on how much we're planning on spending on that in the out-years because we're dragging out the process?

**Ms Flint:** Now, the functional program . . .

**The Chair:** Just one moment.

Member Dang, this is more of a question for estimates than it is Public Accounts. Public Accounts concerns itself with '18-19.

**Mr. Dang:** Okay. Sure. Thank you very much, Madam Chair. I certainly take your advisement.

I'd like to pass my time on to some of my colleagues, then. I think there are a few minutes remaining here.

**Ms Hoffman:** I'd be happy to continue with a few, then, colleagues.

I'd like to touch base on the CAMH initiative that was talked about in my earlier exchange and how it has been – I think the language that was used was “deferred.” I'd like to know how much money was invested in the planning so far and what the timelines were anticipated to be in '18-19 for the CAMH, children and adolescent mental health, initiative in Edmonton as well as any



other children and adolescent mental health initiatives capitalwise in other parts of the province.

Thank you.

**Ms Flint:** Sure. First of all, I'll speak to the Royal Alexandra hospital CAMH. In 2018-19 \$422,000 was spent on the project. Then, I don't believe we have any other projects that deal with child and mental health under way at the moment. Do we, Tracy? I don't think so. No.

**Ms Hoffman:** Yeah. Upon reflection they're probably smaller grants to organizations rather than large infrastructure builds.

I also was hoping you could give us a bit of an update on the Calgary cancer centre. That definitely wasn't taking a decade for construction. That moved much more quickly. Could you update us on the progress that was made in the '18-19 fiscal year under review, please?

**Ms Flint:** Sure. The total project spend to date is \$670 million, and I can get – the amount that was spent in 2018-19 was \$115 million. The above grade concrete structure is 95 per cent complete. We've gotten level 8 through to level 13 slabs poured, and installation of the room membrane is continuing. That project is on target and on budget as we speak, and I believe it's going to be done in 2022, if I'm right, Tracy? The construction will be completed in 2022, but the new facility opening probably to the public in late 2023. As you recall, once we finish construction, Alberta Health Services takes the facility over and does all the equipment and furnishings that are required to actually run the facility.

**Ms Hoffman:** Were there any needs to change the design/build based on evolving technology – this project was committed to in 2015 and is planning on opening in 2022; I'm thinking specifically around the vaults and radiation and those types of things – or have we been able to stick pretty close to the original commitments that were made and the original design? I was thinking around comparing the contrasts between this and what's happening in south Edmonton.

**Ms Flint:** Yeah. The radiation therapy bunker: the last section of the radiation therapy bunker slab on grade has been poured. The radiation bunker walls have been poured for vaults 11 and 12, and the first radiation bunker roofs have been poured for vaults 15 and 16. For the level zero radiation therapy research analytics and medical physics: that surface is roughed in and steel stud wall framing and boarding is continuing. Taping is commenced. So we kind of leave those – we'll finish those up probably closer to 2021 to try and take advantage of the latest technology. That just gives you an example of some of the things that we do to try and manage making sure that we do have the latest and greatest in the hospitals.

**Ms Hoffman:** That's great. Can you touch a little bit more on the cancer corridor. I know that there are other projects from north to south in our province. I think that Red Deer probably opened in '18-19. It could have been '17-18, but I think it was in fiscal '18-19. I think there were some expansions in Lethbridge around that same time as well. I'm hoping you can tell us a little bit about how we measured success on those projects and in meeting, obviously, not health care delivery but making sure that we had cancer projects that were throughout the province to meet the health care needs of citizens.

**Ms Flint:** Yeah. I believe those may have been projects that were done in the existing facility by Alberta Health Services, so I can't actually comment on those.

**Ms Hoffman:** You're probably right. They were major new construction pieces, but they were in existing hospital facilities. You're right. That's totally fair.

Yeah. Lastly, I want to say again that I'm incredibly proud of the work that has been done by the government of Alberta to address infrastructure gaps over the last few years. I know that there were many school projects that were long overdue, and I want to say to the school authorities that are submitting capital plans now that I believe that they are valid, that they're assessing their need. They're not being unrealistic about what their needs are to meet their local needs, particularly when I think about who gets capital, and that's public, Catholic, and francophone school districts. I think that we've made very good progress, both in addressing significant maintenance issues with doing major overhauls and major rebuilds in a number of areas as well as new builds because we are a growing province. I wouldn't articulate any school build as a Taj Mahal. I think that they're important, critical infrastructure to make sure that we meet the needs of our municipalities, so I want to thank the folks at Infrastructure for the work that they do to make sure that we have appropriate learning, health care, and government services available throughout our province. I used to talk a lot about the right care in the right place at the right time, and I think that that provides for folks working in health care but also the folks working in the public service to ensure that we have this critical infrastructure to meet the needs of our communities. I want to thank you for that.

10:00

**The Chair:** Thank you.

We will now move on to the fourth rotation, 10 minutes for the government side, leading off with either Gotfried or Rowswell. I'll just send it over to you.

**Mr. Rowswell:** Okay. Thank you very much. On page 40 under Realty Services is a line for leases, and the actual spending there was under budget by \$10.4 million. Can the department explain that difference?

**Ms Flint:** One of the things that we are always doing when we look at our lease buildings is, as I mentioned, trying to reduce our lease space. Sorry. You're looking on page – the spending was under budget?

**Mr. Rowswell:** Yeah.

**Ms Flint:** Yes. So it's primarily as a result of the negotiations that we do with landlords, so there were lower rental costs achieved as a result of lease renewals at lower rates. We are also looking at consolidation of space and rent abatement as well as lowering our operating costs, resulting from some of the lower property taxes that we saw on some of the buildings.

**Mr. Rowswell:** Okay. Page 24 states that \$22 million in revenue was generated from the sale of buildings. What kind of analysis is conducted when considering the sale of a property? Like, you have lease buildings, and you're selling other properties . . .

**Ms Flint:** Yeah.

**Mr. Rowswell:** Sounds like you have the whole package there.

**Ms Flint:** One of the things that we do when we identify surplus properties that are made available for sale is that we determine, first of all, whether those properties are needed by other government departments, first and foremost, and if they are, then we obviously repurpose them. If no government use is identified for that property,

we do declare it surplus and list it for sale. We do often offer them to municipalities at fair market value.

What we do right now is that we do get assessments and work with the Alberta Real Estate Association to list those properties on our behalf at fair market value. We do have several properties currently listed for sale with a total price tag of \$75 million. Those are in various areas of the province: a 153-acre parcel of land south of Ellerslie Road for close to \$50 million and then properties spread out amongst the province in terms of Calgary, Edmonton, Drayton Valley. We do actually list those properties on our website if people are interested in actually finding out additional information.

**Mr. Rowswell:** And they've been easy to sell in the past, have they?

**Ms Flint:** You know, it's kind of a hit-and-miss because some of our properties are in very small towns where there might not be a big demand for them. We have been able to sell some, for instance, around the TUCs, the transportation and utility corridors. They've been used for farming purposes. But it's kind of hit-and-miss.

**Mr. Rowswell:** Yeah. Okay. Good.

Page 10 states that Treasury Board will assume control of the capital plan in 2019-20. I've been just reading, and it looks like over the past 20 years it's been: "You do it. No; you do it." You know, that kind of stuff. It's been changing all the time. And this is going back to Treasury Board. Could the department explain how Albertans will benefit from this transfer and why it seems to go back and forth so many times?

**Ms Flint:** Sure. I'll speak to the transfer of the capital plan function to Treasury Board and Finance. I think that it better aligns the responsibilities of leading the development of the provincial capital plan with a centralized department that provides budget planning and financial management direction and support to all government ministries. From that perspective it does make sense for it to be with Treasury Board and Finance. I think that there are synergies to be gained in bringing those functions together under one ministry. This in turn, I think, creates efficiencies and supports a more streamlined and successful decision-making process for the government of Alberta.

**Mr. Rowswell:** Treasury used to have it, and then it went away. Do you know why that happened?

**Ms Flint:** No. You know, when I first came, when I took over this position in 2016, it was with us for several years. As I mentioned, I explained the rationale of why it's gone back to Treasury Board.

**Mr. Rowswell:** Sure. Okay. Very good.

That's it for me. I'll pass it on to Member Toor.

**Mr. Toor:** Thank you, and thank you to the ministry for coming. Thank you for all of the work you're doing.

**Ms Flint:** Thank you.

**Mr. Toor:** I just want to start with a follow-up from MLA Rowswell. I think you mentioned about the surplus land and how you put it up for sale, but I just want to talk about commercial and recreation properties and the leases and also the industrial. Is there any difference between how you lease these properties to the various nonprofit organizations or to the municipal government?

**Ms Flint:** We do actually provide space to nongovernmental users in terms of moving forward. Historically surplus office space and land has been made available for lease to NGOs. We look at three

different ways in terms of what we're looking at: from market rate, from cost recovery, or from no cost. Historically we have done a jurisdictional scan of other provinces that lease space to NGOs at either cost recovery or market rates, and this is something that we're actually undertaking a review of currently.

**Mr. Toor:** Given the complexity of this process for government funded infrastructure projects, has the department made any progress in reducing red tape so that the projects can be completed at a quicker pace and also at a lower cost?

**Ms Flint:** Yeah. One of the things that the department was able to achieve this year is that we are obviously taking action to reduce red tape in terms of moving forward. We have taken several initiatives under way that have already actually resulted in some savings. We took action to cut red tape around rural property sales by simplifying the appraisal policy, which speeds up the process and actually saves up to \$50,000 annually for taxpayers. We've also removed a requirement for school boards to get approval on their tenders, which increased school boards' efficiency in awarding contracts, and it allows them to proceed with school construction sooner. This change we estimate will save about \$43,000 on an annual basis in terms of moving forward. So that gives you a flavour in terms of some of the things that we've done.

The one thing I should point out is that we did achieve a 5 per cent reduction target for 2019-20 to our overall baseline account by removing requirements contained in policy forms and guidelines. So we did meet the target of one-third of our regulatory requirements, not in 2018-19 but in 2019-20.

**Mr. Toor:** Thank you.

I'll pass my time to MLA Rosin.

**Ms Rosin:** Wonderful. Well, thank you so much for being here today. I'm going to have – I'll try a couple of quick questions. I think we're close to being out of time here, but I wanted to ask you about your hiring process and if any consideration is given to hiring Albertans. We're kind of in difficult economic times, and we have been for quite a while now here in Alberta. I believe that in the past consideration has always been given to hiring Albertans and trying to source local talent for Alberta Infrastructure upgrades and projects. I'm just wondering if that is still a priority and if you can speak to how that consideration is given.

**Ms Flint:** Yeah. As I mentioned, we do have trade agreements in place, but the one thing that I think will surprise people is that probably around 90 to 95 per cent of our contracts actually do go to Alberta companies. I think primarily that's a result of actually just being here and knowing the local labour markets and being able to source labour locally, just the distance. So we do have that effect. We are looking at potentially using the trade agreement things that we have in place in terms of the \$100,000 and doing more local sourcing with that for construction projects and \$75,000 for consulting projects and being a bit more purposeful about that.

**Ms Rosin:** Okay. Well, thank you. So you would say that the majority of the time Albertans actually win the contracts not necessarily even based on specific consideration but because they and their companies have the most competitive bids to source the local markets and to serve them.

**10:10**

**Ms Flint:** That's right, yeah.

**Ms Rosin:** Amazing. Thank you.

Then my final question – and we'll kind of veer away from that – is just looking at the expenses for the minister's office for the budget year 2018-19. On page 40, line item 1.1, it looks like the budget for the minister's office was exceeded by over \$70,000. I'm just wondering if you can explain what happened there and why that minister's office budget was exceeded.

**Ms Flint:** Sure. Absolutely. The proposed overexpenditure for 2018-19 was primarily due to additional staffing requirements of the former minister's office. They had an extra FTE that they were working with.

**Ms Rosin:** Okay. Thank you.

**The Chair:** Thank you, members. That now concludes our four 10-minute rotations, and we will now move on to a three-minute reading into the record of questions that each side has that they are respectfully asking the department to follow up with.

I will now begin with the Official Opposition side, please.

**Ms Renaud:** Thank you. My question is about the Michener Centre complex in Red Deer. As far as I understand, it's about 360 acres, with close to 70 buildings on-site, things like an aquatic centre, a medical centre. In its heyday it was serving several thousands of people; now it's just over a hundred people. I'm wondering if it's possible to get a breakdown of the buildings that are on that piece of land in terms of disposal plans, maintenance planning, and also just the condition index, if your department could provide us with a rating on the major buildings on that site.

Thank you.

**Mr. Dach:** Hi there. I have some questions regarding Infrastructure to be returned to us in writing. Given that Deputy Minister Flint has mentioned that they were doing more with less space, I was wondering if in 2018-19 that policy to reduce the space per employee included a consideration for the health implications of that reduced space, perhaps with tighter quarters resulting from that policy, if physical distancing was something that was a thing back in that period of time, and if those health considerations are something we should be looking at going forward, when we look at that this policy of less space per employee.

Secondly, of the 244 schools that were under way in 2018-19, how many are still under way and not completed yet, and how many people are employed currently in the construction of those schools that are currently under way?

Finally, as far as the risk probability idea, are projects evaluated using a climate change adaptation lens like the insurance industry now uses because of the changes in climate? It sort of appears that the 100-year floods are now occurring every seven years, like we had in Fort McMurray, so I'm wondering if the ministry is looking at risk evaluation of projects through a climate change lens.

Thank you. I'll defer to my colleagues.

**The Chair:** All right. Seeing none, it appears we will now go over to the government side for three minutes of reading questions into the record, please.

**Ms Rosin:** Thank you. Well, given the discussion around major projects and the Grande Prairie hospital earlier, I'm wondering if you can inform us about the Calgary cancer centre, whether it's still going as planned in 2018-19, if the status is there, what the budget is looking like, any updates to the Calgary cancer centre.

I would like to ask about: on page 33 your statement of revenue has a line item for government transfers. The amount from 2018 has

been restated to an increase of nearly \$3 million, so I'm wondering if you could explain that.

On page 33 of the statement of revenue I'm wondering if you can explain the volatility for the gain on disposal of tangible capital assets and the transfer in of tangible capital assets given that the difference between the budget and the actuals for both line items is around the \$20 million mark.

With that, I'll pass to Member Gotfried, Madam Chair.

**Mr. Gotfried:** Thank you. Line 4.1 on page 40 of the annual report states the actual spending for property operations. The budgeted amount of \$220 million was exceeded by \$17 million, for a total of \$237 million. Can the department please explain this increase in expenditure?

Further, can the ministry provide a historical cost comparison on both long-term care and affordable housing projects on a per-door basis for comparison, going forward, to ensure that we are getting value for dollars in terms of public expenditures on these types of projects?

Lastly, with respect to evaluation of land where aging infrastructure is in place that may be beyond serviceability, what projects and evaluations have been done on sites that might be best suited for redevelopment either by the government or in partnership with the private, nonprofit, or faith-based sectors?

I'll cede any further time to any of my other colleagues who have questions to read in.

**The Chair:** All right. Seeing none, I will now move on to thank the officials from the Ministry of Infrastructure for attending today and responding to our questions. We ask that any outstanding questions be responded to within 30 days and forwarded to the committee clerk, please.

We'll now move on to other business. Friends, at our May 29, 2020, meeting our subcommittee on committee business recommended that Public Accounts invite the following ministries to attend our meetings here during the duration of the 2020 spring session. The list that we have is Economic Development, Trade and Tourism for July 7, 2020; Labour and Immigration for July 14; and Municipal Affairs for July 21. You will recall that we had waited on making those decisions until we knew a little bit more about the sitting schedule. So it is those three in the month of July after the constituency break.

Is there any discussion regarding this recommendation?

**Mr. Gotfried:** Madam Chair, I would like to move that we accept the revised scheduling for the coming session.

**The Chair:** Okay. Very good. We have a mover that the Standing Committee on Public Accounts adopt the draft revised schedule for the 2020 spring session proposed by the subcommittee as distributed and direct that invitations be issued to the ministries and entities named therein.

Is there any discussion on this motion as moved by Member Gotfried?

Seeing none, before the committee votes, just unmute your microphones. All in favour? Very good. Any opposed? Thank you.

That motion is carried.

Any other items of discussion under other business?

Seeing none, we will now move on to the date of the next meeting, which will be Tuesday, June 9, 2020. It will be the Ministry of Transportation, starting at 8 a.m., and if we do have a morning sitting, we will be proposing a revised rotation schedule.

I will now call for a motion to adjourn. Would a member move that the meeting be adjourned?

**Mr. Dach:** So moved.

**The Chair:** Thank you, Member Dach.

All in favour? Any opposed? That motion is now carried.

Thank you very much for your time and patience this morning, friends. This meeting of the Public Accounts Committee is now adjourned.

Thank you.

[The meeting adjourned at 10:19 a.m.]







