



Legislative Assembly of Alberta

The 31st Legislature
First Session

Standing Committee
on
Resource Stewardship

Ministry of Treasury Board and Finance
Consideration of Main Estimates

Wednesday, March 13, 2024
3:30 p.m.

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First Session**

Standing Committee on Resource Stewardship

Rowswell, Garth, Vermilion-Lloydminster-Wainwright (UC), Chair
Schmidt, Marlin, Edmonton-Gold Bar (NDP), Deputy Chair
Sigurdson, Lori, Edmonton-Riverview (NDP),* Acting Deputy Chair

Al-Guneid, Nagwan, Calgary-Glenmore (NDP)
Armstrong-Homeniuk, Jackie, Fort Saskatchewan-Vegreville (UC)
Dyck, Nolan B., Grande Prairie (UC)
Eggen, David, Edmonton-North West (NDP)
Hunter, Grant R., Taber-Warner (UC)
McDougall, Myles, Calgary-Fish Creek (UC)
Sinclair, Scott, Lesser Slave Lake (UC)
Sweet, Heather, Edmonton-Manning (NDP)

* substitution for Marlin Schmidt

Also in Attendance

Phillips, Shannon, Lethbridge-West (NDP)
Renaud, Marie F., St. Albert (NDP)
Tejada, Lizette, Calgary-Klein (NDP)

Support Staff

Shannon Dean, KC	Clerk
Teri Cherkewich	Law Clerk
Trafton Koenig	Senior Parliamentary Counsel
Philip Massolin	Clerk Assistant and Director of House Services
Nancy Robert	Clerk of <i>Journals</i> and Committees
Abdul Bhurgri	Research Officer
Christina Williamson	Research Officer
Warren Huffman	Committee Clerk
Jody Rempel	Committee Clerk
Aaron Roth	Committee Clerk
Rhonda Sorensen	Manager of Corporate Communications
Christina Steenbergen	Supervisor of Communications Services
Shannon Parke	Communications Consultant
Tracey Sales	Communications Consultant
Janet Schwegel	Director of Parliamentary Programs
Amanda LeBlanc	Deputy Editor of <i>Alberta Hansard</i>

Standing Committee on Resource Stewardship

Participants

Ministry of Treasury Board and Finance

Hon. Nate S. Horner, Minister

Chris Merriman, Acting Assistant Deputy Minister, Financial Sector Regulation Policy

3:30 p.m.

Wednesday, March 13, 2024

[Mr. Rowswell in the chair]

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

The Chair: I'd like to call the meeting to order and welcome everyone in attendance. The committee has under consideration the estimates of the Ministry of Treasury Board and Finance for the fiscal year ending March 31, 2025.

I'd ask that we go around the table and have members introduce themselves for the record. Minister, please introduce the officials who are joining you at the table.

My name is Garth Rowswell. I'm the MLA for Vermilion-Lloydminster-Wainwright and Chair of the committee. We will begin starting at my right.

Ms Armstrong-Homeniuk: MLA Jackie Armstrong-Homeniuk, Fort Saskatchewan-Vegreville.

Mr. Dyck: MLA Nolan Dyck for Grande Prairie.

Mr. McDougall: Myles McDougall, Calgary-Fish Creek.

Mr. Hunter: Grant Hunter, Taber-Warner.

Mr. Sinclair: Scott Sinclair, MLA for the amazing people of Lesser Slave Lake.

Mr. Horner: Nate Horner, MLA for Drumheller-Stettler and the Minister of Finance, President of Treasury Board. I'm joined by Paul Lebane, Dana Hogemann, Kate White, and Sandie Hay at the table.

Ms Phillips: Shannon Phillips, MLA for Lethbridge-West.

Ms Renaud: Marie Renaud, St. Albert.

Ms Sigurdson: Lori Sigurdson, Edmonton-Riverview.

Member Tejada: Lizette Tejada, Calgary-Klein.

Mr. Huffman: Warren Huffman, committee clerk.

The Chair: We have no one participating remotely.

I'd like to note the following substitutions for the record: hon. Lori Sigurdson for hon. Marlin Schmidt as deputy chair.

A few housekeeping items to address before we turn to the business at hand. Please note that the microphones are operated by *Hansard* staff. Committee proceedings are live streamed on the Internet and broadcast on Alberta Assembly TV. The audio- and videostream and transcripts of meetings can be accessed via the Legislative Assembly website. Please set your cellphones and other devices to silent for the duration of the meeting.

Hon. members, the main estimates for the Ministry of Treasury Board and Finance shall be considered for a total of six hours. For the record, I would note that the Standing Committee on Resource Stewardship has already completed three hours of a debate in this respect.

As we enter our fourth hour of debate, I will remind everyone that the speaking rotation for these meetings is provided for under the Standing Order 59.01(6). We are now at a point in the rotation where speaking times are limited to a maximum of five minutes for both the member and the ministry. These speaking times may be combined for a maximum of 10 minutes. Please remember to advise

the Chair at the beginning of your rotation if you wish to combine your time with the minister.

With the concurrence of the committee, I will call a five-minute break near the midpoint of the meeting. However, the three-hour clock will continue to run. Does anyone object to having a break? Okay.

When we adjourned this morning, we had one minute into an exchange between Member Phillips and the minister. I will now invite the member to complete the remaining time in this rotation. You have nine minutes of shared time.

Ms Phillips: Thank you, Mr. Chair. When we were finishing up there, I was on an extended ramble about the relative merits of the ATB and some of the alarm that I had seen over my previous years in this Legislature of sometimes folks toying with the idea of privatizing the ATB or closing the actual bricks and mortar storefront branches, so I'm wondering if the minister can just confirm for the record that that is not either in any of his mandate letters, business plans, internal studies, analyses, polling, focus groups, you name it; that it is not on the agenda to change the business model of ATB or its ownership structure.

Mr. Horner: No. Thank you for the question, Member Phillips. As you saw in my mandate letter, we do have an item to review the mandate of ATB, so we will continue in that process. We haven't fully engaged in that process yet, but we have, you know, communicated through the board chair that it's our intention to just look at it with fresh data, but I would say that in my view the ATB has great value to the people of Alberta, I think, when you see what their balance sheet has done. It wasn't too many years ago that wasn't the case. I think their ability to show everyone that they can be a very successful regional bank and help Alberta invest and deploy capital in those areas that I mentioned this morning has a great value.

Now that we've moved forward with the dividend, I think it helps tell the story to Albertans that, you know, they're important to us not only for what they provide in the communities but also they're even helping us pay for the programs and services that we rely on.

It's certainly not in our in our mandate to look to sell them. You know, I do think I'd like to continue that story with ATB and find ways to leverage their value as an asset of the province, and I think ATB agrees with that. No, selling them is not something that we're currently looking at.

Ms Phillips: On this topic of mandate reviews we heard in the last Legislature about an investment mandate review for the heritage fund. We heard about it a couple of times, but then it kind of just petered out, so I'm wondering if we can update the public on what that might be, especially given some of the refocus on the value of the heritage fund. At that time there was even some talk from officials, as I recall, at committee about exploring passive management instead of active management and looking for cost savings that way. I'm wondering where that whole review went to and when the public can expect it.

Mr. Horner: Sure. Thank you very much. I think that I would just start with the fact that we're currently – it's still in that process, Member Phillips. I think that, also, the piece that we have received back and is kind of directing, you know, some of the Premier's comments about the heritage fund and where we're going in the future was a report on the asset composition itself. That's definitely been part of it. I'd say that it started with the management, and it's grown bigger, partly because the team that answered the call

through the RFP, frankly, did far more work than we were expecting and far better work, so the scope has increased.

Ms Phillips: Thank you for that answer.

I want to just switch gears and just go back to some of the Alberta pension plan expenditures in the last and projected in this fiscal year. I just want to confirm my understanding that the panel chair for the '24-25 fiscal year is not projected to disperse any funds from the GOA, but he was in '23-24. I don't think we got those amounts, so I just want to follow up on that, for the panel chair and/or the panelists themselves for '23-24 and just confirming that there were no amounts for '24-25.

Mr. Horner: Yes. Thank you for the question. I'll give a little information here. The government contracted – I'll start with the expenses. Mr. Dinning, the panel chair, has submitted no expenses, and it's my understanding that that's his intent, is to not. Mary Ritchie had submitted \$2,132, and Moin Yahya submitted \$1,804, for a total of \$3,936. There have been no submissions to date in mileage or per diem expenses.

Something else I just would like to say is that the government contracted two firms to help the Alberta pension plan engagement panel fulfill its mandate to gather Alberta's feedback on a potential Alberta pension plan. Sole-source contracts were necessary to get the engagement work rolling quickly and provide information and opportunities to discuss a potential Alberta pension plan with Albertans. The new sole-source contract amounts are part of the current APP budget and are not new funding. The work of the engagement panel is important, so the government of Alberta hears from as many Albertans as possible their thoughts on an APP, just to kind of clarify an earlier question.

Ms Phillips: Thank you.

Mr. Horner: I do have a clarification for you on the rate board as well if you'd like that now, Member Phillips.

Ms Phillips: I just have one more question in the two minutes on this matter, and then we can probably leave it.

Mr. Horner: Sure.

Ms Phillips: Mr. Dinning was scheduled to provide a report. Has he done so? Is he going to? When can the public see it?

Mr. Horner: We asked him to submit a what-we-heard document, but seeing as how the engagement has been paused, we haven't asked for it because it's not a concluded matter. Once we hear from the office of the Chief Actuary and get some clarification and some more direction, we'll take it up at that time.

Ms Phillips: Okay. Actually, one more thing on this. Sorry. Is there any advertising spend for the Alberta pension plan contemplated in the '24-25 budget?

Mr. Horner: No, there's nothing in the budget. If that were to be the case, it would have to be absorbed by my ministry.

3:40

Ms Phillips: Okay. Thank you for that.

Just on the amounts that I understood were lapsed or not completed in the '23-24 budget, were they reprofiled, were they carried forward, were they moved around within the department or within another department when the advertising campaign was paused?

Mr. Horner: They would still be sitting there, and then they would lapse at the end of March if they're not used, I guess.

Ms Phillips: Okay.

Just in the time we have, I had asked earlier about TMX, if the minister would like to start the answer. We probably won't get through the whole thing, but on the forecast for the bitumen uplift and the sort of narrowing of the differential for Alberta's finances as a result of TMX.

Mr. Horner: Yeah. Well, maybe for everyone that's following along, if you wanted to go to page 24 of the fiscal plan, in the economic outlook it shows key energy and economic assumptions. It's important to note that you do see the differential narrowing throughout the three years, moving narrower into the future. That is largely because of TMX. The 13.60 number, you know, I don't want to go down the rabbit hole of talking about the costs of toll fees on the pipeline itself. It'll narrow as much as it can, but it will always be above the toll fees. We would expect that it will narrow somewhat permanently. In this landing place of the '26-27 forecast is a good estimate. The reason you don't see the corresponding value in WCS in Canadian dollars per barrel is because of . . .

The Chair: Thank you, Minister.

We will now switch over to government caucus. MLA Hunter, did you want to share time?

Mr. Hunter: Yes if the minister is okay with that?

Mr. Horner: Yes.

The Chair: Okay. Just for ongoing I'm going to assume shared time unless someone tells me different. We'll go from there. Go ahead.

Mr. Hunter: Thank you, Mr. Chair, and thank you Minister and for your team being here today. I wanted to congratulate you publicly on being able to get a surplus budget. I know that there are always more asks – I sat on Treasury Board with you for many years – than there is money to go around. I applaud you for being able to have that fiscal restraint for our children and grandchildren's future.

I wanted to just ask a couple of questions about economic assumptions, specifically the sensitivity on page 69 of the fiscal plan. Included in the sensitivities chart is a disclaimer that these sensitivities vary greatly at different price levels. Can you provide an example of this variation, and can you explain the mechanism with regard to oil that causes the sensitivity to vary as the price per barrel changes?

Mr. Horner: Yeah. That's a great question. I know that I asked the question of the chief economist multiple times to get my understanding. I was curious. If you see from last year, the sensitivities on the main items remained the same, and honestly that is more coincidence than anything. We're still at \$630 million per dollar on WTI over the course of a year.

Now, what's interesting is that even though we've had more of the major bitumen oil sands players reaching maturity, where they pay a higher payout, the corresponding change in the decreasing value of WTI just coincidentally kept it at \$630 million for these two years. I believe there were two projects that will reach payout in '24, and then one per year in '25, '26, '27. That's the estimation of when they'll mature, and then we'll receive royalties at a higher rate.

The other major sensitivities are the differential, which is \$600 million for every dollar difference. The narrowing differential going forward will certainly be helpful for Alberta's revenues, and the dollar makes a substantial difference. It's \$490 million for every cent difference. We do better when the dollar is lower in this regard because of the conversion from USD back to WCS, which is traded in Canadian dollars. Yeah, it's an interesting set of sensitivities that impact each other differently. We watch them closely. That's why we have such a robust system with industry forecasters, and we want to make sure that we're as close as possible.

Mr. Hunter: They say that hindsight is 20/20 vision, and I'm sure that everyone that does these assumptions wished that they could see before they actually made those assumptions. But congratulations on being able to thread that needle.

Usually with assumptions in a model you change one factor and assume everything else is held constant. We know in reality that many factors change simultaneously. With regard to oil royalties how are these different factors related to each other, and what kind of correlation do we usually see between them?

Mr. Horner: Great question. Yeah, with some of the key factors for oil royalties – prices, production costs, the exchange rate – the factors fluctuate, depending on market conditions. They don't always move in tandem. With higher oil prices we often see higher production but can also experience higher costs due to inflationary pressures while a strong Canadian dollar can reduce royalties simultaneously. So it's certainly never predictable. Lower prices don't necessarily mean lower overall royalties. For example, if natural gas prices drop, our royalty take for natural gas goes down, but oil sands royalty revenue increases as it's used as a feedstock. You know, they use significant amounts of gas during production. So they're always working together but in different ways.

Mr. Hunter: Now, Minister, these sensitivities have changed over time. Can you and your officials provide us with high-level predictions for how these sensitivities are expected to change in the coming years?

Mr. Horner: Well, I would say that the thing that sticks out first and foremost is the narrowing of the differential. TMX, once operational, will be able to handle that extra production that is making it wider than it normally would be currently. That's one that we know will help. You know, our oil forecast in our budget in out-years is holding flat at \$74. The forecasters: they'll be the first to tell you that with all of the geopolitical uncertainty, it's harder than ever to really have a clear picture about where oil will go. That's why it's definitely imperative that we err on the side of caution. I think we're at least under the average of the industry analysts. That being said, we've seen what happens. It was at \$120 not that long ago, and it was at zero dollars not that long ago. They'll tell you that if there was a crystal ball, they'd be the first to ask us for it. We'll monitor it closely and be as prudent as we can while erring on the side of a conservative forecast.

Mr. Hunter: Well, that leads into my next question, Minister, trying to be able to figure out risks and understanding or being able to forecast what the economic outlook, the federal policies would be. On page 47 it talks about how you did in Budget 2023. I'm curious about the accuracy of economic forecasting. In this table we only see one budget year, but I'm wondering historically how the government of Alberta economists perform relative to the other forecasters in previous years.

Mr. Horner: It's a great question, and I know because my deputy minister was the former chief economist of Alberta, and she certainly understands this file well. We've been recognized amongst our peers as really doing well in this space. Like I mentioned this morning, you know, industry wants to know our rationale as much as we want to know theirs. What we're seeing, especially when it comes to Alberta's economy and GDP: sometimes they'll do some more detailed work on the overall Canadian economy. They'll think that they know where the Canadian economy sits, and then, it sounds like to me, not to oversimplify it, they go and plug in the numbers in each province to make it add up to where they need to land. They pretty much told me as much.

3:50

You know, I think we have a lot more detailed information about what we're expecting to see, especially with some of the big projects, and have a better understanding of their timeline and potential impact. Like, Dow, to mention it again, will have an impact on Alberta's economic situation overall as a province.

Back to the intent of your question, I think that over the last 10 years the forecasting of the government of Alberta has outperformed the private sector on many indicators. On average, it ranks in the top quartile of forecasters and aggregations in regard to both its one-year and two-year forecast accuracies. This measure was obtained by averaging the government of Alberta's forecast accuracy percentiles across eight key economic indicators: the WTI price, the Henry hub natural gas price, the Canadian-U.S. exchange rate, the 10-year government bond rate, the Alberta real GDP growth rate, the Alberta employment growth rate, the Alberta unemployment rate, and Alberta housing starts.

So we're doing very well and are, yeah, proud of our team. I should name-drop Catherine Rothrock. She's exceptional, and we're lucky to have her.

Mr. Hunter: Okay. Well, you actually moved right into my next question, which is, you know: what other indicators other than oil and gas do you forecast? But you stated that, so I appreciate that information.

I don't have any other questions, Mr. Chair.

The Chair: Okay. Fair enough.

We'll move over to the opposition to carry on for their 10 minutes of short time.

Ms Phillips: Thank you, Mr. Chair. I wanted to ask a couple of questions about this business of the regulatory sandbox and the legislation that we passed a couple of years back. Has any firm made use of this regulatory sandbox yet, and can we get some details on that if they have?

Mr. Horner: Sure. While my deputy is digging for some specific information, if you're okay with it, Member Phillips, I'd just finish my thought on your forecasting question. Back on page 24 the reason you don't see WCS move in a more positive direction over the three out-years is pretty much directly correlated with what we see the dollar doing on those three lines. The exchange rate becomes much stronger at 78.1 and at 79.7. That is the major difference.

When it comes to the sandbox, I know that in conversations with my team very recently – you know, we've been discussing the halal financing working group. They're progressing quite well, a very active group. I think the department met with them four times last week. That's how often they're meeting. I know the sandbox is there, and it may need to be used in regard to the halal financing

once the working group kind of lands it, just to make sure we get it right before we move to legislation.

In regard to where else the sandbox has been used, I think, if you're okay with it, I would ask Chris Merriman to come to the mic and give us a walk-through of how it's been used and by whom if you can, Chris.

Mr. Merriman: Thanks, Minister. Chris Merriman, acting assistant deputy minister of financial sector regulation policy. When we put the sandbox in place, we paired it with what we call the financial services concierge, which was a program through our division. We needed a conduit for entities to come into government so that we could talk to them about the sandbox itself. We put that program in place, but what we ended up finding out was that there were a lot of people who just wanted to talk to us about a number of different types of ways to open up businesses in the province. We thought we'd get a lot more traction in the sandbox, frankly, but we have way more in the concierge than what we had ever expected.

Over 40 entities have contacted us through that. Those include Tetra Trust, which is Canada's first digital asset custodial trust company. It safeguards people that like to invest in things like Bitcoin and things like that. It actually provides significantly better safeguarding for those types of assets. Bad actors in that space, on which there has been a lot of press, are isolated out of that process through these types of digital asset companies. There are another four companies that are also looking to enter into that space.

I would say that we have had so many different entities come in that want to talk to us about insurance, that want to walk through that, so we push those people over to the captive discussions, for example. We have people that contact us regarding health sciences projects. Of course, we would love to be able to provide exemptions to federal health rules, but of course that's outside of what the scope of the legislation is. So it's significantly broad requests that come in through the concierge, but we do our best to make sure that everybody who flows through the concierge gets where they need to go. Think about the tool: the sandbox is just a tool to enable financial services legislated and regulatory exemptions.

Ms Phillips: Okay. Good. The minister sort of pre-empted my next question, which was: would the sandbox be appropriate for the halal mortgages project?

Just one follow-up on that halal mortgages piece, and then we can probably get back to the AIRB, because I know there was a follow-up there. If halal mortgages can't be CMHC insured, would there be additional costs for making those halal mortgages broadly available, and how would those additional costs be appropriated? Just for my own edification, because it's a tough problem to solve.

Mr. Horner: The additional costs would be borne by the mortgagees if that were to be the case.

I know this is important. I've spoken to members of your caucus before that are curious and wondering, you know: what's taking so long on the whole financing initiative? But I think it's important for everyone to understand that they have to work with financial institutions. They have to look at not only the legislative and operational and theological aspects, but it's really important, with the amount of interest that we've garnered from across the country, that we get this right.

If we were to move too fast – and that's why the sandbox will probably be necessary, probably certainly be necessary. You know, if we get this wrong, we probably salt the earth, so to speak, for any other jurisdiction that's looking at this. We can't have a financial institution that incurred major losses because something was built wrong in this regard; no one else would care to try it themselves.

It's that complicated. We certainly have to get the legislation exactly right. We don't want to be amending it as we go. We know the sandbox will be important in that regard. Anything else about costs and how it will look I shouldn't speculate on. I don't have enough information to take you down that path.

Ms Phillips: If the minister wants to use the remaining time to update on the AIRB, that would be great.

Mr. Horner: Sure. The information I wanted to share – you'd asked about the messaging from AIRB and why the budget on advertising had increased. I mentioned that the majority of it, I believed, was encouraging people to shop around and make sure that they knew how to shop around and that there were, potentially, better deals out there. Just to add to that, that is true, and that still is the heart of the message, but the other pieces were developing campaign messages to include information on the good-driver rate cap implementation, understanding your rights and responsibilities as an insurance consumer, where to find help, and general awareness of automobile insurance regulation in Alberta. That's from the AIRB themselves.

Ms Phillips: To kind of sum up, then, what we're doing here is essentially building sort of, like, a utility consumer advocate but for car insurance.

Mr. Horner: Well, I think that's always been part of their job, to explain to people, you know, how it works. We receive, you know, the correspondence asking those questions, and it's really better coming from the rate board, wanting them to make sure people had accurate, up-to-date information, especially on shopping around. I know in speaking to the rate board, they certainly think that is something that not enough Albertans do and that there are still advantageous things people can do within the system.

4:00

Ms Phillips: Well, that's probably a good reminder, Minister. I just got my bill, and I'm not all that impressed. Thank you for that.

I just want to, with the remaining time that I have, confirm a couple of bits of information that I got within lock-up. I just want to make sure that they're correct. In terms of revenues on renewable energy program, as I understand it, it's now tucked into other miscellaneous revenue within Affordability and Utilities. That revenue was \$75 million in Q3 of '23-24, or at least that was the projection. In 2024 it was projected at \$86.2 million, 2025 projected at \$118 million, and '26 projected at \$150 million. I just want to confirm my understanding from the information that I was given so that I'm looking in the right place and I've got the correct things on the record.

Mr. Horner: Just bear with us, Member Phillips. We'll make sure that's accurate. We'll get you that by the end of this meeting, I'm sure.

Ms Phillips: Yeah. I think it's there. I just wanted to make sure that I wrote things down correctly and my understanding was correct.

With that, we're out of time. Thank you, Mr. Chair.

The Chair: Thank you very much.

Okay. We'll go over to the government side. Member Armstrong-Homeniuk, go ahead.

Ms Armstrong-Homeniuk: Thank you, Chair, and through you to the minister, good afternoon. It's great to be here again this afternoon and to see everyone and all these smiling faces.

On page 44 of the 2024-27 government of Alberta fiscal plan it discusses some risks to the economic outlook. Recently I've been hearing some chatter in the media and elsewhere about the possibility of a recession in Canada. The fiscal plan notes that a weaker economy has commensurately negative impacts on Alberta's corporate and personal tax revenue and that low oil prices affect Alberta's natural resource revenue. It also notes that long-term Canadian interest rates are expected to increase at a more rapid pace with the Canadian dollar also strengthening. These are a modest drag on the robust economic growth and resulting increases in corporate profits, business investment, and exports that Alberta experiences. Minister, can you speak to what these scenarios would mean for Alberta's economy and the policies and decisions that have been made to protect Albertans in case of such a downturn?

Mr. Horner: Thank you, MLA Armstrong-Homeniuk, for the question. Kind of a lot there. You know, our forecast takes a prudent approach, as I mentioned, and it's based on subdued economic growth in the country. Alberta's economy does have considerable momentum, and the province is well positioned to weather any downturns. However, we provide scenarios in the budget to highlight some of the risks out there, as you mentioned.

The low-case scenario highlights the potential impact to growth and revenues if the global economy and oil prices are weaker than expected. Of course, if oil prices fall between \$55 and \$65, our revenue would be almost \$6.8 billion to \$8.6 billion lower over the next few years. I should mention we do think those scenarios are unlikely, but with all the geopolitical risk and uncertainty it's important to highlight the potential. We're committed to keeping our fiscal house in order and have taken steps to ensure the province's finances and the economy can, hopefully, weather any storm.

I would also just say that Budget 2024 was guided by our fiscal framework, not only the balanced budget requirements; the expense growth limitations and policies for the allocations of surplus cash, first to pay down debt, then to invest in savings or one-time spending initiatives. I think that's important to highlight again just because, you know, what the Premier has promised and what she's communicated is that we won't waste the good times and the decent years. I think Albertans certainly expect us to balance the budget at \$74, and you can see how close it is. We're committed to that, and if it changes in our favour, we have a clear path to use it appropriately, both for debt or savings or important one-time spends.

Ms Armstrong-Homeniuk: Thank you, Minister.

Turning to page 68 in the revenue chapter of the budget, speaking on federal policies, it says, "Regulatory and political uncertainty from the federal government including proposed emissions reductions policies, are holding back investment and productivity gains, not just in Alberta but across [this] country." Minister, which policies of the Liberal-NDP alliance in Ottawa does this refer to, and what is the scale of the impact on productivity gains, investment, and economic growth in Alberta and, more broadly, across the country?

Mr. Horner: Great question. I know that when I was at our FPT meetings in December, you know, Tiff Macklem was there, the Bank of Canada governor, and gave all of the ministers a presentation on the overall economic outlook. I thought that they quickly skipped over the slide on productivity and asked them to circle back to it, and he did comment in a little more detail around productivity, noting that it should be the direction of all governments across the country to improve productivity. If we

can't, it will mean a lower standard of living for all Canadians going forward. It was nice to hear him say that and provide that direction.

When it comes to, you know, some of the federal government's proposed numerous policies, I probably would start under its emission reduction plan. As far as impacting Canada's competitiveness, the federal oil and gas emissions cap, the clean electricity regs, the methane regs, the limits on plastics, and the federal Impact Assessment Act are creating significant uncertainty within the business sector and driving investment away. I know I've heard that from, certainly, the industry, but also the Canadian banks are concerned to see the investment that's not being brought into Canada or remaining in Canada.

I think it would be fair to say that Canada is gaining a reputation for not being able to get major projects built. We've lost out on billions of dollars' worth of investment, you know, that could have created better paying jobs, more disposable income, more economic activity. Since 2019 the value of planned major natural resource projects has declined from \$635 billion in 2019 to \$572 billion in 2023. In addition, the value of cancelled or suspended projects has significantly increased. Between 2020 and 2023 \$411 billion of projects were cancelled or suspended, nearly a 50 per cent increase compared to the previous four-year time period of 2016 to 2019.

So the impact of these federal policies are not small and harm all Canadians. Recent analysis by the Conference Board of Canada found that the federal oil and gas emission cap alone could drive between \$10 billion and \$13 billion in investment out of Canada: substantial, real numbers. You know, Alberta aspires to achieve carbon neutrality or a carbon-neutral economy without compromising affordable, reliable, and secure energy for Alberta; that would be to the benefit of us but also all Canadians.

Ms Armstrong-Homeniuk: Thank you, Minister. I'm glad to hear your views on the impacts being felt across the country.

You may have answered this a little bit, but if you could elaborate a bit more. We often hear about GDP growth, but in the terms of real-world impacts to Albertans what do these policies from the current federal government mean for the cost of living here in Alberta?

4:10

Mr. Horner: Well, I'd bring your attention to an article, some analysis, by Trevor Tombe, and I quoted this to Tiff Macklem at that meeting. He was looking at, you know, the CCS intentions of the government and ourselves, the cost to industry that that would create, and what that would mean for the overall decline in productivity in the oil and gas sector. What he found was that that alone would shrink the overall Canadian economy by 1.2 per cent. If you're looking at the entire Canadian economy, that's about \$35 billion per year. When you work that out to the number of Canadians, you can kind of correlate that to meaning about \$900 per Canadian, just from that policy. I think that's important.

I know that work is still ongoing to assess, you know, the impact of the emission reduction plan as a whole. The Conference Board of Canada recently completed independent analysis of the oil and gas cap. They said that policy alone will cause a significant, permanent negative shock to the Canadian economy. It is estimated that the federal government's oil and gas cap would remove between \$660 billion and \$1 trillion from Canada's economy between 2030 and 2040, the impact to Alberta's economy alone is estimated to be between \$500 billion and \$900 billion, and total employment could decline by between 82,000 and 151,000, boosting the unemployment rate by itself by .3 to .6 percentage points. So those stats kind of tell the story, I think.

Ms Armstrong-Homeniuk: Sorry, Minister. Could you just repeat the stat again, about the total unemployment?

Mr. Horner: Total employment could decline by between 82,000 and 151,000.

The Chair: Thank you, Minister.

We'll now go over to the opposition for their next 10-minute shared time.

Ms Phillips: Thank you, Mr. Chair. Was the minister right in the middle of something? I can't remember if we ended off on one, or I think I was about to change topic.

Mr. Horner: We're going to get back to you with your renewable revenue question.

Ms Phillips: Right.

Mr. Horner: So I think we're moving on.

Ms Phillips: Okay. Good.

I just want to quickly touch base with our friends over at the Bow Valley Credit Union. We have some media reports that a credit union is stockpiling gold and silver and wants to get around the Proceeds of Crime (Money Laundering) and Terrorist Financing Act. I'm wondering if the minister can provide his response as the minister responsible for credit unions regulation within Alberta.

Mr. Horner: I think on this matter I would ask Chris Merriman to come to the mic again and give us a little colour.

Mr. Merriman: Chris Merriman, Acting ADM, FSRP. Just in case I need to do that again, I thought I'd better do it again. Thank you.

With Bow Valley, Member Phillips, we are aware of the situation that was occurring in Bow Valley. The regulator, the Credit Union Deposit Guarantee Corporation, who has oversight of that, of all of Alberta's credit unions, has addressed the issue with Bow Valley directly and continues the discussions to ensure that they meet their approved investment policy, which includes whether they can hold any type of bullion, and they're addressing that situation.

Ms Phillips: One of the things that they had asked was for the regulator to change that their metals, that they had invested in as a hedge against the currency – they wanted them to account for them at fair market value, which would buffer their balance sheet, instead of the mint's face value, and they were lobbying for changes from the regulator on that matter. Can the minister provide some clarity on what the response is to that request?

Mr. Horner: I would only say – and Chris may want to supplement – that CUDGC, or the Credit Union Deposit Guarantee Corp., is addressing and they're having conversations with them.

Ms Phillips: So there's no anticipation of regulatory or legislative change in response to these demands?

Mr. Horner: Certainly not at this time, but go ahead, Chris.

Mr. Merriman: Yeah. I think the easiest way to respond to that question is that, of course, we could always make changes to legislation if that was felt that it was something that was prudent to do. However, as these are commodities and subject to significant potential changes in valuation, that is not something that we would

want to necessarily occur because any significant decrease could significantly impair the capital position of any institution in the province that would have that ability. That is not a traditional type of holding of assets for any financial institution in Canada.

Ms Phillips: Yeah. Generally their assets are money.

Is there any legislation or regulatory change being contemplated to exempt credit unions from the Proceeds of Crime (Money Laundering) and Terrorist Financing Act?

Mr. Horner: Not at this time, Member Phillips, no.

Ms Phillips: Okay. Very good.

Mr. Horner: I would just add that the reason it's important that, you know, CUDGC address this is that we guarantee the deposits. It's important, certainly, to have a good understanding of their value, and, yeah, leaning on the conservative side is helpful for the government's position as the guarantor.

Ms Phillips: Yes, and from the position of customers of credit unions, of which I am one, and I think there's a Bow Valley one sitting right behind me. I feel it is in the public interest to make sure that we clear this matter up.

I want to ask a little bit about projections and sensitivities. This, again, might be something that needs to come back to because it's a little bit in the rabbit hole, so it's fair enough if it takes a minute. Last year personal income tax revenue increased about 9 per cent on 7.7 per cent of household income growth. This year TBF is projecting a 2.4 per cent increase of PIT revenue on 6.7 per cent of household income growth. Help me understand that discrepancy. Why is that there?

Mr. Horner: Do you have a page for that?

Ms Phillips: The personal income tax revenue: it's in the revenue section of the fiscal plan.

Mr. Horner: Yeah. That's fine. I think I would just say that, you know, depending on – because of our progressive tax system it doesn't correlate universally across population growth. It certainly depends on where those jobs are, whether they're lower paying jobs or higher paying jobs, so you can see a lot of difference there in projected receipts. That would probably be the macro answer to the question.

Ms Phillips: Just to give a little bit more background to, like, where the question is coming from, sensitivity to household income is \$180 million per 1 percentage point change or 1.2 per cent change in PIT per 1 per cent change in household income. That squares with the 9.4 on 7.7 that we saw last year. That squares almost exactly in terms of the sensitivity, so that's good. My question is: why is it so different this year? There appears to be a billion-dollar difference, and I'm having a hard time understanding why the sensitivity applied last year and every other year in terms of household income change and its, I guess, causation to personal income tax but not in this year's budget. What's going on there?

Mr. Horner: If you care to follow along, on page 63 under revenue in the fiscal plan there's an excerpt starting with personal income tax, and it's describing how the increase was an upward revision carried forward from the '22 year tax assessments. It's \$570 million in the prior year, so put together, that would equate to 5.9 per cent growth.

4:20

Ms Phillips: So is that sensitivity to household income at \$180 million per 1 percentage point change? Is that still correct? Am I making a correct assumption there, or what's off?

Mr. Horner: It's correct, but it excludes the prior year adjustment.

Ms Phillips: Okay. So what is the sensitivity to WTI prices of CIT? Do we know that? Do we have that?

Mr. Horner: Sensitivity of WTI to CIT?

Ms Phillips: Yeah. Sorry; to corporate tax revenue. Is there a sensitivity baked into these documents of "WTI does X, corporate tax revenue does Y"? As I understand it, most of the folks who pay the general corporate rate are either oil and gas firms of various kinds or financial services firms of various kinds.

Mr. Horner: There's certainly a correlation, but there isn't a linkage through the sensitivities that we highlight here. But it certainly has a large impact. The year where oil went to \$120 had, you know, definitely a sincere impact to our corporate tax revenue. Something else of note I would just say is that due to some of the challenges, I'd say, around just the overall economic position of the country and the layering of some of those federal policies, it is leading to less capital redeployment and a position where a lot of these companies are maybe happier to pay the tax as opposed to reinvest, which is quite scary for the overall trajectory of the country and our province.

But, yes, we don't have a sensitivity linkage but certainly correlated.

Ms Phillips: Okay. I have a question about the old capital finance authority. When that was rolled up, the government changed their minds and introduced a new interest surcharge for municipal capital projects. I'm wondering how much GOA revenue came from that.

The Chair: Thank you.

We'll go over to the government side and have 10 minutes' shared time.

Mr. McDougall: Thank you, Mr. Chair. I'd like to go back to the section related to, on page 68, when you talked about federal policies and their impact on the Alberta economy. As an economist I'm very well aware that despite the dreams and aspirations and pixie-dust commentary by some, an economy requires a sustainable competitive advantage in order to develop those industries that provide the standard of living that we would like, and we have to take advantage of those competitive advantages because it's a very competitive world, and it'll be difficult to compete against that world when we don't have those competitive advantages.

So in that context – and the other issue about the amount of investment that's flowing into Alberta or Canada generally since late 2015, where we've seen a decline in capital investment in Canada that's been accompanied by a reduction in income per capita, which means, of course, a lower standard of living for all Canadians, including Albertans.

So in the context of that, when we look at some of the federal policies – and particularly I'm thinking about the proposed federal emissions reduction policies that go to challenge, if you will, our most competitive advantages that we historically have had, which has been cheap energy and a low-tax environment and high government spending that allows us to have some of the best government services in this country and around the world – can you comment about: you know, what is the impact on those emission

targets and other federal government policies that have been inhibiting investment happening into Alberta and us taking advantage of that, a competitive advantage that we have historically had, which is, like I said, harder carbon resources and the ability to provide these other advantages that allowed us to diversify the economy? That is to say: the low tax advantages and the quality of life and government services that we're taking.

So if you could comment a little bit more about the emission policies of the federal government and how they will impact on our ability to compete sustainably and maintain our standard of living.

Mr. Horner: Yeah. Thank you for the question, MLA McDougall. It's certainly all connected and part of a bigger story. Kind of sobering statistics that I gave to MLA Armstrong-Homeniuk around its potential impact of some of these policies: you know, the emissions cap, what it'll mean to the province, to the country, what that'll mean to Albertans, to our productivity. I like how you tied it all in with, you know, what that'll mean to our overall competitive advantage going forward.

We can see the amount of dollars that have left the country from projects that were unable to proceed for just regulatory uncertainty within the country and around the world. You know, those projects still get built somewhere, just not here. We're pushing the emissions somewhere else where they'll be handled more poorly.

It's all part of a story that does lead to a lower standard of living. The Bank of Canada governor said as much. So we need to be, I guess, prudent and thoughtful in managing what we can here within the province of Alberta. And I think that's why managing our finances is so important. We do have this uncertainty that's beyond our control, so we need to really do well with what is within our control, and that means, you know, managing our debt wall, providing opportunity.

I think Dow speaks to the great work that our government has done in ensuring that they chose here. You know, that's the first net-zero emission ethylene cracker globally. I tell people, just to get an understanding of the scale of that and what that means, that they build one of those a year globally. And to get them to choose Alberta: it's because of the advantages we've created. You know, it's because of the carbon trunk line. It's because of the other pieces in the Industrial Heartland that make that possible. There's nowhere else where that is achievable.

Despite the obstacles, you know, we're still leaning on the competitive advantages that we have to provide economic opportunity here and for the entire country. As much as there's a lot that we'd like to change, I think we have to focus on what we can control, too, and make sure we land it well for the betterment of all.

Mr. McDougall: One of the advantages that we talked about is the Alberta advantage being the low tax regime that we have. I'd like to remind people that our resource revenue from oil and hydrocarbons exceeds the amount of actual personal taxes that we collect. So one can imagine, if that was to disappear, how we would make that up; you know, doubling income taxes or other taxes.

We have a chart here that talks about some of the competitive advantages that we have in terms of taxation in Canada. But, in my own mind, we're not competing against other provinces in Canada; we're competing against primarily North America, within North America and the United States. Would you be able to comment about how we hold up in terms of our overall tax regime compared to other jurisdictions within North America?

Mr. Horner: Well, thank you, for the question. Much gets discussed about our low corporate tax rates, especially relative to everyone else in the country, and that's important. But when you're

looking at comparisons with, you know, other jurisdictions, specifically the States to the south of us, we would have the lowest combined rates of all but six states; 44 states we would have an advantage over. I think that's important. That is where a lot of these investment decisions land between Canada and the U.S.

4:30

I should talk a little bit – you mentioned about tax advantages – just to give you a little bit of a comparison on what that means for our personal income taxes. As a comparison we generally pay less in overall taxes, obviously, compared to residents of other provinces, but to make this a little more stark, an Alberta family with two children earning \$75,000 would pay over \$1,200 more in taxes in British Columbia and over \$3,800 more in Ontario. So I think that kind of paints part of the picture and provides an understanding. When you couple that with still relatively more affordable housing – as much as we'd like to see more housing, you know, that's a story that's happening across the country – and with that kind of stark tax difference, it kind of speaks to why people are choosing to call Alberta home.

I would just say that housing starts are setting new records within the province. Specifically, I think I saw that the multidwelling starts in Edmonton were up 58 per cent month over month on the last report. Yeah. The call is being answered by industry. They certainly see this as an opportunity, and although they might have lagged to answer the call just because of the supply chain and inflation, things are certainly moving in the right direction now.

Mr. McDougall: Just a quick question, then, with a minute left, less than that. Speaking of taxes, the government, as per page 127, implemented a new tax on electric vehicles. Perhaps you could elaborate a little bit as to why we're implementing this new tax and, you know, perhaps with some context as to how that compares to other jurisdictions in Canada, North America, anybody else who's doing the same type of thing.

Mr. Horner: Sure. I don't think I'll get through it all in 18 seconds, but I would just say that it came to us as we were offering the fuel tax relief and Albertans were getting, you know, more aware of that program. I think notionally Albertans understand that the fuel tax is their way to help . . .

The Chair: Thank you. We'll carry on in the next batch there.

We'll switch over to the opposition for the next 10 minutes.

Ms Phillips: Thank you, Mr. Chair. I just ended off on wondering how much the new interest surcharge for municipal capital projects – what was that revenue for the GOA? Folks can get back to me if they want to on that.

I want to switch a little bit over to capital.

Mr. Horner: Can I comment, Shannon, on that?

Ms Phillips: Yeah. Sure.

Mr. Horner: Not to interrupt you.

Ms Phillips: No, no.

Mr. Horner: We will have to get back to you on that number. It's embedded in a larger number, so we'll work to get a breakdown.

Just back to your REP program question, on page 14, Affordability and Utilities' business plan, the \$158,607,000 number in the '26-27 target line: that encompasses all of these, so \$88.3 million in '23-24, in '24-25 \$116.6 million, in '25-26 \$125.7

million, and in '26-27 \$157.1 million of that \$158,607,000. Almost the entirety of that number is there.

Ms Phillips: Okay. Yeah. It was just tough to tell because it's listed as "other."

Mr. Horner: Yeah. On your municipal lending question I'll have to get you the number because that's buried in another number.

Ms Phillips: Okay.

Mr. Horner: I would just say that – this was brought up by a colleague of yours, and it is something that I haven't gotten to yet – I've told the team that we wanted to look at that policy again. I know that the intent was to just ensure that the government of Alberta's costs were being covered throughout the entire process, the administration. I think it sits at – 25 to 75 points is what we're taking to cover that, but I think something I've communicated to the municipalities is that we'll look at that number.

I have, potentially, a little different take, maybe, than the former Finance minister in this regard. I think that we certainly want to cover our costs, but I don't believe we need to do anything more than that. There is somewhat of an advantage to the liquidity we can provide by offering more debt and more consistently, so I think there's potentially an advantage in our overall interest costs that we receive through that debt. I'm trying to look at it through that lens, and I've told the municipalities that we'll get that number as low as possible, but I'm waiting to see the data from the team if that is possible.

Ms Phillips: Well, that's good to hear. I think that's, particularly in a higher interest rate environment and so on, the fair way to go. Thank you, Minister, for that.

I just want to turn my attention real quick to P3s that have been popping up in the news a little bit. It has come to my attention that unsuccessful proponents for P3 projects are awarded an honorarium for bidding on P3 projects. Unsuccessful proponents for the Red Deer hospital project received \$1.15 million each. So I'm wondering: how much was the total unsuccessful proponent spend for the Red Deer hospital, and what is expected for future P3 projects? I saw an announcement recently, I think, for some Calgary P3s and others. If that's something that people want to get back to me on, that's fine.

Mr. Horner: I think we may have to direct you to Infrastructure to get, you know, that kind of granular understanding of their estimates. I'm sure that's something that we don't have. I think it would be better served to ask them.

Ms Phillips: In the capital plan how many of the enumerated capital projects, the ones that are listed in the various departments, are anticipated to move forward as public-private partnerships? Do we know whether they're design/build or design/build/maintain? In the projections what I didn't see was cost for financing P3s. Like, the old ones are in there but no new ones, so I'm wondering where we're at on that and what the public can expect in those numbers in the coming years.

Mr. Horner: Okay. The information I can share with you today is that there are seven schools of the 43 that were added to the capital plan that will proceed through the P3 process.

Ms Phillips: And that's it?

Mr. Horner: That's my understanding.

Ms Phillips: Okay.

Mr. Horner: We can double-check.

Ms Phillips: On housing I noticed that the TBF projections show flat new home construction. I thought that was kind of a strange projection given that the government spend, I believe in the minister's opening remarks, was 3,500 units on the horizon, another 1,500 or something units coming on this year. I believe that was in his opening remarks. I could be corrected on the 1,500; maybe it was 1,000. So why are we projecting flat home construction in the next couple of years?

Mr. Horner: Thank you. I think it speaks to the facts. If we're looking at the same line, it would be page 24, back to the assumption page in the fiscal plan. Housing starts are incredibly high, as I mentioned in my previous question, probably, you know, approaching the industry capacity within the province and exceeding it. The softening you see – I would have to double-check with Catherine, but, like, we do see it strengthen into 2025 – would speak to the softening of the population increase expected in the out-years. But the overall limit: we're pretty much at the capacity limit of the province.

4:40

Ms Phillips: We're bouncing around a little bit here, Minister, so my apologies for that. I have a question on CCS. Last year I asked Minister Toews about, you know, whether the province was going to do something to complement the federal government's tax regime for an incentive program for CCUS. At that time there was still some uncertainty around the federal program. It's only been, like, five years, so we can forgive them because it takes them forever to tie their shoes, apparently. But Minister Toews made a good point that I hadn't really thought of to the extent that he had, which was that there is a generous royalty treatment as well for this sort of capital investment. Is that still the thinking coming from Treasury Board and Finance, or are there additional CCUS either tax expenditures, investments, capital grants, other types of financial instruments or investments, direct or otherwise, contemplated within this budget?

Mr. Horner: It's a very good question and something we made clear at those federal tables. That was our concern, that the industry would ask for it and the feds would agree, that although they wanted the, you know, percentage of capital, they would also expect the royalty help. What's happened is that they aren't getting it on the royalty side. That's been taken out of the equation, and they're proceeding just with the 12 per cent of capital costs. A lot of the challenge was, like you said, waiting for the feds to provide some more certainty around the ITCs themselves. Yeah. We have landed in a place where our program works with theirs although there's different criteria within the province, I guess, for a project like that cement plant, the Heidelberg, that is utilizing the carbon. That's something the feds have not allowed in their program, but it would work under ours. They're not CCUS; they're just CCS, which I think is ridiculous, but anyway.

Ms Phillips: And the credits: when we come back, if you can explain just the GOA's approach to who gets the credits when we assist with these projects.

The Chair: Okay. Thank you.

We'll move over to the government side. MLA Sinclair, you've got 10 minutes of shared time.

Mr. Sinclair: Thank you, Mr. Chair. Thank you again, Minister and your team, for the fulsome answers and all your wonderful work. I just wanted to possibly allow you a little bit of time to finish your response to my colleague's question on the electric vehicle tax especially. I think it's, you know, pretty important right now not just to people in my riding when we have our current government, our province, committed to \$8 billion in new roads and infrastructure funding in this budget while simultaneously our environment minister is talking about not building any more roads, period. I'm not sure if the federal subsidized electric vehicles conundrum are going to be hover vehicles or flying ones for these roads he's not building on. I'm very curious to hear your response on the electric vehicle tax and so would my constituents of Lesser Slave Lake.

I'll allow you a little bit of time, and then I have a couple of follow-up questions, and I'm just going to switch gears to the contingency fund on question 28 after the electric vehicle question if that's okay.

Thank you, Minister.

Mr. Horner: Sure. Thank you, and thank you for prefacing what the question was. I've already lost my place. Yeah. Electric vehicles. As I was saying, I believe, you know, this kind of came to be as Albertans were learning about the fuel tax relief program and its correlation to WTI and what that would mean to them at different stages of the WTI price. A lot of correspondence through our office just asking: if notionally this is a way for Albertans that use the roads to help pay for the maintenance of them, why wouldn't we consider this? When we looked into it, it was very interesting. I was aware that Saskatchewan had done this in 2021. They have a similar charge, annual charge, at registries implemented much the same way as ours, but to find out that 44 U.S. states had either done this or were moving in that direction, including states like California and Oregon, I thought was extremely interesting.

We've seen the trajectory for electric car adoption really accelerate over the past couple of years, obviously, the idea being that, you know, this is those Albertans' way to help pay for the maintenance and construction of new highways. The fuel tax certainly doesn't cover that. We pay much more than that every year. It's an understanding that this is a way that everyone can pay, and the assumptions are based on the average fuel tax an Albertan would pay. We definitely did some research on that to make sure it landed in the right place. Yeah. That's the rationale. That's the motivation. If we're going to see more adoption – Prime Minister Trudeau has said that we can expect that they won't even make and sell combustion vehicles after 2035 – then I guess we better get on with it, hey? That's what I'd say about that.

Mr. Sinclair: Thank you, Minister. I appreciate that answer.

I'm just going to move on to the contingency fund if that's okay. On page 7 in the key fiscal metrics the contingency fund is increasing from \$1.5 billion to \$2 billion. I probably won't say what riding I'm from again, but in my hometown of Slave Lake in 2011 half of the town did burn, and most people are aware of what happened there. I was part of the contingent of people that were trapped in a southeast neighbourhood, and there was only one way in and one way out. Certainly near and dear to my heart is how dangerous these wildfires can be for our larger northern communities surrounded by forests. I just want to make sure that everyone's quite aware of the drought and I believe another fire season ahead of us.

The money we put aside, you know, I'm hopeful that we have enough, first of all. We have these communities. I know last year our government did a great job – I've mentioned this before – of

stepping up to the plate and rebuilding some houses for the East Prairie Métis settlement, which is in my riding, just because of the difficulties for them getting insurance, which was mentioned before. If you don't mind detailing the processes that exist to ensure accountability for the use of the contingency funds.

You know, then a follow-up question. Natural disasters and emergency situations are becoming more frequent and more damaging. The current year forecast shows a \$2.9 billion draw for disaster assistance. I know it was a bit of a long-winded question, but is it your belief \$2 billion is large enough for an adequate response to these emergencies?

Thank you, Minister.

Mr. Horner: Sure. Thank you, MLA Sinclair. To the first part of your question around the process, section 24.1 of the Financial Administration Act sets out the rules for what the contingency may be used for, which include public emergency or disaster and unanticipated cost which is in the public interest. Certainly, with the wildfire situation from last year we learned some great lessons while working within the fiscal framework in its first year, but between our wildfire costs and the indemnity costs through crop insurance with the corresponding drought and moisture deficiency insurance also offered through AFSC we definitely used much more than the overall contingency last year. The contingency ceiling was set at \$1.5 billion, as you're all aware, and, you know, the overall cost was \$2.9 billion. The lion's share of that was with the crop insurance indemnities.

4:50

There's a process for that. That fund was depleted. There's a statutory process involving us and the federal government to re-energize that fund. It has happened. It happened in 2002, I believe, after another sustained period of drought from 2000 to the beginning of 2003. There are ways that, you know, we do get money back within that system as well. We pay a small deductible, and then within the formula itself for crop insurance it has factors within it that it knows when it needs to grow the fund, that it factors up in a way that that's the case, but it's set out over a long period of time so that the premium payers, the farmers of Alberta, don't feel as much impact year over year. So that's probably a good thing to note.

Your question of: is \$2 billion large enough? I think you said that you hope so. I certainly do, too. Regardless of whether it is or isn't in this year, I think it's an appropriate place to have the contingency fund set up. You know, we don't want a contingency that is too large consistently either. This is part of our voted budget. We want that to be defensible as well. I think it makes good sense to move from \$1.5 billion to \$2 billion for where Alberta sits now.

Obviously, we're very concerned about upcoming drought and fire. That's why we also increased the Forestry and Parks budget, you know, invested another \$206 million so that they could start earlier with larger crews. We're trying to look forward as well when initiating an order for a new air tanker fleet through De Havilland. Part of that is in the far out-years of the capital plan because it'll take a while, once ordered, to be delivered. It's probably in the early 2030s before we would see one of these planes, but it makes good sense. Our planes have been refurbished and retrofitted, but they're all the same age, and the airframes will kind of be finished at the same time. I think it makes sense to look ahead and potentially get out of those planes while they still have value. They're very sought after around the world.

Back to your question, I think we're . . .

The Chair: Thank you, Minister.

Just to let everyone know, we'll take our five-minute break after this next 10-minute slot.

We'll go over to the opposition for your 10-minute shared time.

Ms Phillips: Okay. Thank you, Mr. Chair. I just want to bounce over to statutory payments for a minute, which are another big part of the budget and I know are required sometimes in your adjustments and so on.

Mr. Horner: Do you want a quick answer?

Ms Phillips: Sure. Yes.

Mr. Horner: Pardon me to interrupt.

Ms Phillips: No, it's okay.

Mr. Horner: Just back to back to the carbon capture incentive program, as I said, we're looking to remove the royalty deductibility, the double-dipping that you mentioned. You asked about the credits: the companies will get the credits. You know, those are a big part of the project economics and why we need the feds to really step up and follow through on the carbon contracts for differences. That's been a major holdup. Energy and Minerals are currently consulting on the program details, and we expect those to be out in the fall. If that provides any clarity.

Ms Phillips: Yeah. I mean, the contracts for difference are to hedge against the political risk, but we'll leave that aside and just go straight to statutory payments.

Let's talk about AISH for a minute. I noticed that the dollar values going to AISH, on page 87 of the fiscal plan, seem fairly closely aligned with inflation. That makes sense. But is the budget for those statutory programs in line with population and inflation? Otherwise, there's going to have to be some in-year adjustments, I would assume.

Mr. Horner: Yeah, thank you Member Phillips. So, you're right; it was indexed and that rate was at 4.2. We do expect some change in volume but, yes, that number is meant to represent both the index price and the volume.

Ms Phillips: Okay. So that 4.18 is the forecast then for both the indexing and the volume?

Mr. Horner: Correct, if you've done the math in front of you.

Ms Phillips: Yeah, I've got it here, but aren't the government's projections on inflation and population quite a bit higher than that; they're in the 7's?

Mr. Horner: Well, we see population growth decreasing on the horizon and then we also see interest rates decreasing on the horizon, but it also speaks to the overall economic state of the province as well. We're seeing job creation; a lot of the population that's coming here is, you know, seeking jobs and finding them.

Ms Phillips: There's a federal disability payment on the horizon, coming soon, apparently, along with all the other things the federal government is doing very soon, I'm sure. I get confirmation that – again, because AISH is statutory payments, something that Treasury Board has to grapple with usually on an in-year basis – will that federal disability payment be subject to a clawback?

Mr. Horner: I think I'll have to direct you to SCSS, to their estimates, and ask the minister. I don't have that kind of granular

understanding. We do rely on them at Treasury Board and Finance to provide their numbers to us, so probably better to ask them.

Ms Phillips: Okay.

I want to go back and just go into the capital plan on the P3 lines. Where am I at? I'm on page – well, they show up on capital cash adjustments on 157. They show up elsewhere as well in the capital plan. I'm not seeing anywhere here a projection for costs associated with alternative financing with P3s, but we have an entire hospital being procured in that way. Is that because that process hasn't happened yet? I mean, I see the \$840 million or whatever it is in the capital plan for the Red Deer hospital, but if it's going to be as a P3 there's nothing projected out in the P3 lines for that hospital.

Mr. Horner: While my deputy is looking, I believe where you find it, it would be part of the debt servicing line.

Ms Phillips: Yeah, there's a couple of different places where P3s lighten the debt. Yeah, so under capital plan funding sources, for example, on 160 I see an estimate this year of \$1 million and, like, historically \$50, \$60 million, then a target of nothing in '25 and '26.

Mr. Horner: I turn your attention to page 146, Member Phillips, of the fiscal plan. There's a line item there under borrowing sources, public-private partnerships.

Ms Phillips: Okay. So that is what we're expecting in '24-25 but then nothing in the subsequent years? A hundred and twenty million doesn't quite buy a hospital.

Mr. Horner: That is correct. We don't pay until completion.

Ms Phillips: All right. So then the cost of that – right now the government has allocated \$840 million, I think it is – correct me if I'm wrong, if I'm a little off there on what the allocations are in the capital plan for Red Deer hospital. However, the liability will show up later, once it is built. So it'll happen in sort of real time, then. As they start to build something in 2024, we will see something show up, and we will disburse it, and so on. Is that how I'm to understand this?

5:00

Mr. Horner: You're correct. Yeah. When it's done, it'll show up in the debt servicing.

Ms Phillips: So we're not really – okay. Yeah. I won't go down that rabbit hole on P3s. I will leave it alone for now.

I had a couple of questions about – now I've lost my place. I think it's in the tables around capital grants. Yeah. There it is. Page 158. Capital grants: bouncing around quite a bit, I'm just wondering what these projects are and why that is. I see that in Agriculture and Irrigation you've got a budget of \$52 million to go out the door in capital grants, yet only \$21 million did. What accounts for that, and who are the recipients of these capital grants? Is this irrigation, infrastructure, or some other thing?

Mr. Horner: Yeah. Department officials may have more information, but I'm certain it's part of the irrigation plan, the \$933 million.

Ms Phillips: So part of the Canada Infrastructure Bank projects?

Mr. Horner: I'm certain it is. Yes. I'm sure it's to do with timing and just the time it's taking to move. There are a lot of complaints. It's taking longer than the irrigation districts would have liked or expected.

Ms Phillips: So because capital grants go against the operating budget, when that amount lapses – right? Like, that \$30 million in there: does that just go back into GRF? Does it get reprofiled into another year? How do you treat that?

Mr. Horner: Yeah. It does get reprofiled generally into the next year, but the actual cash joins the surplus cash at the end of the fiscal year.

Ms Phillips: Again, on the bouncing around, Energy has a similar story, where they budgeted \$205 million for capital grants; got \$148 million out the door. So it's a pretty big delta there. What accounts for that? Do you know?

Mr. Horner: I'm sure it's timing and delays, without knowing the specifics. But, you know, with a lot of our capital grants I would just say that the conversation around Treasury Board to our ministers is: make sure that your partners on the ground are doing everything they can to help us get the dollars out the door. It's not helpful for us to be reprofiling either.

Another area where you see this a lot is in transportation, and a lot of that is partnerships with municipalities, you know, when we enter into the process thinking things are shovel-ready and ready to go, but there are always hurdles and usually unbeknownst to them at the time of application. Something we see in a few places.

Ms Phillips: Yeah. Sometimes that just means they brought a shovel to the press conference. Okay.

The Chair: Thank you very much.

We will take our break now, so we'll be back at 5:08 for everyone. Five minutes promptly.

Thank you.

[The committee adjourned from 5:03 p.m. to 5:08 pm]

The Chair: MLA Dyck, you're on.

Mr. Dyck: Ready, Minister?

The Chair: Go ahead.

Mr. Dyck: I'm good?

The Chair: Yeah.

Mr. Dyck: Well, thank you so very much, Minister, just for being part of this this afternoon. You're doing really well. I just appreciate you being here. I want to talk a little – I have a couple of questions for you just on borrowing and debt reduction strategy. I know that those are big items, I think, for most Albertans, particularly for me. Not just the balanced budget but also reducing our debt is key for our long-term health as a province.

We do know that as a province we have huge debt-servicing costs. Some of them are larger than most of our departments, with billions of dollars, tens of billions, in total debt. Much of this flows to our municipalities. They flow to agencies, boards. They flow to commissions, Crown corps. What is our plan for managing debt that will have a large impact on the capacity of government to provide services and prevent taxes from rising. Particularly on page 140, we discussed the strategy with regard to the markets and particularly how the government hedges to eliminate currency risk. I know we've talked a little bit about currency risk today, but I would love to hear your thoughts on that. Can you or maybe your officials expand upon the hedging strategy of government?

Mr. Horner: Great question. I think that one thing I've learned in the short time in this role is what an amazing debt-management team we have within Treasury Board and Finance. They have people that don't get paid enough to be as amazing as they are, frankly. They're kind of a noble bunch. They really believe in it, and they know the value that they provide Albertans.

We really need to see – we did what I called a bond-selling tour, but it was a tour to speak to the capital markets and kind of reintroduce ourselves because we hadn't had an offering in almost a year after the large surplus here in '22-23. I've mentioned a little bit about liquidity and consistency in coming to the markets and how important that is, so we were able to speak to, you know, a lot of the larger players. We did go to New York and Toronto and Montreal just to kind of tell Alberta's story, explain the fiscal framework. We were hoping to improve our credit rating at the same time on this trip.

But I found out just how renowned our team is across the country. You know, everyone we spoke to knew the people by name. I should mention Stephen Thompson and Lowell Epp from our department, absolutely renowned in this space. Alberta's reputation is held in the highest regard across the country for being sophisticated in this space. That was great and important for me to learn and understand and then getting a better understanding of how we position ourselves with different offerings at different times, the different terms.

On your question around, you know, different currency options available to us, we have had offerings in many different currencies. Usually some do that to get more just opportunity to sell their bonds, so to speak. Where we use it, we're looking for an advantage, we're looking for an arbitrage play that works in our favour, working it back into Canadian dollars. Since I started, we've done a couple different swaps in different currencies. The last one was in U.S. dollars back to Canadian and worked out very well for us. I think we got it at under 4.2 per cent, 4.118 per cent, I believe. That's the kind of advantages that the team is looking for, and you want to provide that liquidity and consistency that also helps on the interest rate and just the market knowing that you're coming back, having a good understanding of what they can expect. That's why it was so important to go to the markets and explain the amount of refinancing that we're going to have to do over the next three years. The province has never been in a position where we would have to refinance a debt stack of \$13 billion in one quarter. Like, that is very substantial for us.

Other provinces just, frankly, borrow consistently. They're at the markets often. They know what to expect, what the offerings will be. Quebec borrows, you know, \$50 billion a year whether they need it or not, basically, just for their own safeguard. So we all handle this differently, but I think I have a lot of faith in our team, and Albertans should, too, that they're looking to find value in the markets and then use the swaps to our favour and plan ahead, like I mentioned in a previous question. That debt stack in '25: they're going to borrow, I think, \$2.9 billion every quarter leading up to that, and I think the capital markets will respond favourably just with the consistency and liquidity.

5:15

The other part of your question just around what this means and why this is important: you know, these are substantial amounts of dollars, obviously. Every point that we can bring down on an offering has real impact; \$3.4 billion in our projected debt-servicing costs. I mentioned what we're seeing in B.C. and some other provinces. I think Quebec's budget was tabled yesterday. I think they're up to \$221 billion in net debt and posting an \$11 billion deficit. Their forecast was \$3 billion. Interestingly enough, their . . .

The Chair: Excuse me, Minister. We've breached the five-minute rule again. If you can get a quick back and forth.

Mr. Dyck: Well, Minister, I was really intrigued by your story, so I want to make sure that I hear the rest of it here, so this is my interlude.

Mr. Horner: Well, I was just going to say – and it's a little off topic – in Quebec's budget something that's interesting is that even though they're posting an \$11 billion deficit, they're putting \$2.2 billion into what they're calling their future fund. If you look at, you know, their proposed purpose for their future fund, it's to build a fund to build up for future debt repayment. Even though they're in a pretty heavy borrowing year, they see the value in growing that fund over time.

I think our position is, obviously, much more desirable, but our attempt to grow our fund to use for operational spending out past 2050 while managing our debt, while watching that net debt as a per cent of GDP, net debt per capita line, I think, will be very important and one of the baseline indicators that we all should watch. Yeah; that net position of the province will be very important for Albertans to understand going forward.

Mr. Dyck: Thank you, Minister.

Real fast because I only have a couple of minutes left here. We see long-term debt maturing in our charts. I think it's on page 141. We have debt maturing almost every single year in the next decade. This is significant. What is the plan to pay off this debt? What's going to refinance – how much higher interest rates are we looking at comparatively to when it was originally taken out as a government?

Mr. Horner: Well, the average of the debt that we currently hold is 3.9 per cent, so having that kind of volume need to be refinanced over the next three years, you can expect that overall average to tick up. We are expecting interest rates to decrease in the middle of this year. That will certainly help, but we're definitely seeing pressure in that line. Even as we were preparing Budget 2024, you know, in the days leading up, my expectation was that the surplus potentially would be bigger than it was. You're always watching everything right before you go to print, so to speak, but the change in the in the debt-servicing costs changed fairly dramatically right in the last 10 days leading up to the budget.

But \$3.4 billion: the plan to pay down that debt – the only plan to pay down debt in this province – is to be in a cash surplus position. You don't budget for principal repayment; you need to allow yourself an opportunity to be in a cash surplus to pay down principal while managing the interest costs, and \$3.4 billion is obviously substantial. I know many in the House, you know, if we're looking back historically at funding X, Y, and Z – the big difference for Alberta today is that we didn't always have debt in this substantial amount.

The Chair: Thank you, Minister.

We'll go back to the opposition for the next 10 minutes of shared time.

Ms Phillips: Thank you, Mr. Chair. I was just in the House as was the minister, and Bill 11 was tabled, which establishes a provincial police service and overhauls the police oversight process as well. It appears to change the role of the Law Enforcement Review Board and a number of other things. We know that a provincial police service has been estimated in the '19-20 fiscal year to cost about, oh, in the neighbourhood of \$700 million to \$760 million annually – that was according to PricewaterhouseCoopers – and then there

were transition costs as well. What is the budget associated with this new legislation? Where can I find that in these documents?

Mr. Horner: Just give us a moment. We'll get Public Safety's lines in front of us.

Yeah. I would just say, while we're finding this, that Public Safety did see a fairly substantial increase, especially compared to some of the other ministries. You know, part of the rationale behind that is, obviously, that they are a newer ministry and didn't have the consistent timeline.

You've seen what Public Safety has done: you know, adding the 100 sheriffs in the safe streets action plan to target Calgary and Edmonton's downtown cores. But the overall support for a police force is not in their budget. There's a safe streets action plan for 100 officers.

Ms Phillips: Yeah. So we are introducing legislation for a new Alberta police service without new funds for that police service – is that what I'm to understand? – either on capital, operating, the transition costs, accounting for the loss of the RCMP payment from the feds, which . . .

Mr. Horner: Well, I think there are significant dollars spent in the existing budgets around policing, but I would probably point you to ask Minister Ellis in his estimates. The legislation would be more of the enabling nature, I would say.

Ms Phillips: Page 114, the capital plan: I'm looking here at the surgical initiative capital program, the third line down. We have a budget in '23 of \$72 million and a forecast of \$41 million. What accounts for that discrepancy of \$30 million? Why couldn't those projects get built, I guess?

Mr. Horner: One more time?

Ms Phillips: The Alberta surgical initiative capital program: that's the private surgeries. They were given a budget of \$72 million. On page 114; sorry. In '23 the forecast is \$41 million. Then we have some targets going up considerably for a three-year total of \$313 million. But I'm wondering: what accounts for that \$30 million that didn't get out the door to these private surgical outfits?

Mr. Horner: Yeah. Well, I think that there definitely would be more granular detail within that ministry, but once again I'm sure it's a timing issue within the capital rollout for all of the same reasons.

Ms Phillips: It was last year.

There was a \$2 million announcement in Lethbridge for cardiac care planning. I asked where that is, if it's in the other planning funds for proposed health capital initiatives, and where the future dollars are for the Lethbridge cardiac expansion. It's a significant spend, and I just don't know where to find it in this budget on page 114.

Mr. Horner: Yes. It's buried. It's buried in a different line item. We can find that for you before the end of this meeting, I'm sure.

Ms Phillips: I'm not seeing . . .

Mr. Horner: But I will say that we haven't had all the information yet, either. I know, in speaking to your constituents there, that I think they're presenting us with some kind of a report sometime soon, if I understood her correctly, on what we can expect there. Probably a better question for the minister.

Ms Phillips: Okay. So it's an out-year conversation, then, and the conversation hasn't happened, at least to the government's satisfaction, over the last 12 months, and we can look forward to seeing it in future budget years. There remains some work to be done is what I'm hearing.

Mr. Horner: That sounds correct, but I would ask you to talk to that ministry. I don't want to confuse, you know, cath lab and other cardiac science initiatives that Lethbridge has. I'm probably not the right person to get into that detail, but we'll find you where the number exists.

5:25

Ms Phillips: Okay.

Within the capital plan there's \$5 million for planning to assess feasibility of new water reservoirs. Can the minister share where those are?

Mr. Horner: Is it under environment or under ag?

Ms Phillips: I think it's under ag. Page 109.

Mr. Horner: The reason I ask is that I believe there are two different studies ongoing. I think one is in agriculture and one is in Environment and Protected Areas.

Ms Phillips: Yeah. There is some flood and drought mitigation stuff. There is some other water management. Usually they do that under capital grants. Usually they do over in environment. There is, like, some repair and upgrade to water infrastructure, which is the normal stuff they do over in ag. Then: "the Capital Plan also includes \$5 million for planning studies to assess the feasibility of developing new water reservoirs in Alberta. These projects will help the province's agricultural sector better prepare . . ." and da, da, da. I'm wondering if the government is prepared to talk about which projects they are funding for feasibility. I'm going to assume it's in southern Alberta, but maybe not.

Mr. Horner: I think the answer, Member Phillips, is that they're looking at all opportunities across the province, trying to get a new baseline for, you know, potential reservoirs.

While we're on this topic, there is a \$5 million study, I believe, in environment and parks, too. That is more specific to the Red Deer River. The only current reservoir on the Red Deer is the Dickson. I know there's been a lot of talk about the potential of an existing lever on the Red Deer system. It may be highlighted as being called Ardley. I think that was what the department and proponents thought was the preferred location, but part of the study will see if it should be somewhere else, potentially. That one is specific to Red Deer, I believe.

Ms Phillips: Okay.

I asked about the state of sports betting revenues last year, and I know AGLC has moved over, but the revenue piece remains TBF collecting the money. I'm wondering why we don't necessarily see an increase from lottery or gambling revenue in the revenue piece here, not a significant uptick, anyway, and what the status is of our sports betting revenues.

Mr. Horner: Well, the responsibility of the revenue when it comes to gambling does lie within AGLC and then Service Alberta and Minister Nally's department. Is there a specific line item in these you'd like us to address?

Ms Phillips: Well, it just is all in one, the gambling revenues, right? If there is that level of detail – I've asked I think for a couple of

years in a row about where we're at with the sports betting piece and where we're at with our revenues for it and online gambling more generally. I've sort of been given some vague answers. I'm wondering why we're still at this sort of flat revenue projection in terms of our gaming revenues.

Mr. Horner: Well, get ready for another vague answer. Yeah. The line doesn't increase much, but I don't have any more specifics on, you know, the composition within the line, but I'm sure Minister Nally does. We see it going from \$1.4 billion to \$1.5 billion to \$1.6 billion.

The Chair: Thank you very much.

Over to the government side. MLA Hunter, go ahead.

Mr. Hunter: Thank you, Mr. Chair. Minister, between droughts, fires, a rapidly growing population, increasing demand in agriculture, water management is growing in importance. They say that whisky is for drinking and water is for fighting over. We hear that quite a bit this last little while, so I'm interested that on page 113 it does talk about different buckets – no pun intended – for water programming. I'm wondering if you and your officials have a consolidated total for water management infrastructure in the capital plan.

Mr. Horner: Well, I can give you some line items, and you can add them up if you want to consolidate it. But I can go through some of the spend, MLA Hunter.

Budget 2024 allocates – oh, I do have it; I'll save you the calculator time – \$1.2 billion over the next three years for nearly 26 initiatives: to better prepare the province for floods and droughts, \$251 million there; expand water supply and storage infrastructure, \$418 million; and to support municipal water supply and waste-water infrastructure, \$539 million; \$251 million for flood and drought mitigation projects such as berms, dams, reservoirs, and flood walls, including \$163 million to complete Springbank; \$75 million is allocated for the renewed flood and drought program within Environment and Protected Areas, \$25 million a year over three years; \$13 million for other flood and mitigation projects across the province. Within the \$418 million to expand water supply and storage, that includes \$262 million for irrigation projects, \$147 million for water infrastructure projects to ensure necessary irrigation water supply, \$10 million in feasibility studies to explore options for water storage.

There's kind of maybe the rest of the answer to Member Phillips's question. I mentioned Ardley, on the Red Deer, but also highlighted are Waterton, the Belly, St. Mary's basins; \$539 million to support water and waste-water projects across the province, including high-priority water supply projects, water and waste-water treatment plants, and disposal facilities in small communities. I believe within that line item there's the potential to help with a substantial water and waste-water project that will be needed in the Industrial Heartland, especially for the Air Products play. I'm sure that is within there, but hopefully that answers your question.

Mr. Hunter: It does. Thank you. Can you just clarify once again: what was the amount for the Springbank dam?

Mr. Horner: It's \$163 million.

Mr. Hunter: And that will be finished this year in terms of the cost?

Mr. Horner: In terms of the cost, I believe. Yes.

Mr. Hunter: Okay. And, Minister, I just – one more question in terms of the spend. As we've seen with most projects over the last

little while, the inflationary pressures have been substantial. Do these numbers take into consideration those inflationary pressures?

Mr. Horner: Well, I'm sure they're taken into consideration, you know, through the process and in how they're proposed. We do ask that question when we're getting the numbers from the ministries, but we don't tack on an extra percentage ourselves, so to speak. But that's certainly been the challenge around water and the delay in some of the capital programs going out. Just the time has taken longer for everyone, and I know irrigation districts speak to that. But time means money, too, and we're seeing that across the board in the capital plan. I think every province is. In B.C.'s budget they highlighted that they were only able to get, I think, 76 per cent of their capital plan accomplished within the timeline, so reprofiling of 24 per cent. It's not just happening here, but that is an ongoing challenge.

Mr. Hunter: Okay. Thank you very much for that answer.

I see on schedule 12 on page 157, about halfway down the page, a significant cash adjustment anticipated in the coming fiscal year for the 2013 flood assistance. What is that rationale for this? What's the rationale for this adjustment?

Mr. Horner: Okay. I'm following along. You're talking about the cash adjustments anticipated for the 2013 flood assistance . . .

Mr. Hunter: Yeah. That's correct.

5:35

Mr. Horner: . . . and the rationale for the adjustment? Okay. The \$465 million in '25-26 represents the expected final disaster financial assistance arrangement, or DFAA, payment from the federal government for the 2013 southern Alberta flood. This is part of the challenge with the DFAA. We have, you know, things on the books that are this old that we're still waiting for payment for. In this case the positive cash adjustment is to reflect the timing difference between revenue recognition and when cash is expected to be received, as the revenue for this payment was recorded in the year of the event, but \$465 million of cash has not been received yet and is expected in '25-26.

Mr. Hunter: Thank you, Minister. In the same vein, in terms of management of infrastructure in southern Alberta – as you know, it's obviously very important – is there any specific envelope for water and waste-water infrastructure in the south that you could help us know about?

Mr. Horner: No. But I know you've been in lots of rooms having conversations that there should be. I've been in those rooms, too. Yeah. That's something that I've been trying to – when we're speaking to, you know, constituents and municipalities about their different water and waste-water needs, we're trying to get them to get a real regional mindset. We know there are investments to be made in the space, but it's challenging.

In your community, for example, you know, Canada's premium food corridor, there are lots of different needs as you move along the number 3, and we want to make sure that Lethbridge, for example, is working with Lethbridge county and all of the other municipalities along the line to make sure that we're able to help and make the right investment in the right place where it can help everybody.

I think everybody is communicating appropriately. I would speak to the – you know, we had to make a one-time investment to help facilitate that McCain's project. It wouldn't have been possible without that. I think it was \$6.3 million with partnership to make

that pipeline work for the project. We're looking at those somewhat one at a time. I know the city of Lethbridge is also receiving, I think, \$380,000 through the ICIP program, but there are 14 other projects in the areas around Lethbridge worth approximately \$73 million.

So there is lots of investment going in that space. We just want to encourage all of the players to make sure they're working together. We know the investment will need to be made but made to impact the whole region.

Mr. Hunter: Sure. I know that economic corridors is one of the Premier's focuses and I know cabinet's focus as well. You talked about the one-off need for McCain's. As other ones have needs, is there space in budgets to be able to actually address those issues, or is that to be brought forward in other budgets?

Mr. Horner: Well, probably a question better for the specific ministers. We tell them all that they have their budgets, and they need to prioritize and address the needs of the current year the best that they can. That's one of my challenges in this chair. Everyone looks at what's being added, but, you know, there are substantial budgets in all ministries, and times and things change, and they have the ability to adapt and be nimble.

The Chair: Thank you very much.

We will go back to the opposition for the next 10-minute shared time.

Ms Phillips: Thank you, Mr. Chair. Okay. We're getting to the end here. It's the time when we start feeling sorry for the officials because it's after 5:30. We're almost done. Let's see if we can wake everyone up here a bit.

There's a report coming on auto insurance, and the minister has said that he's even going to look at public auto insurance. I hear there's a leadership race on. We've got lots of NDP membership cards to sell. It sounds like we're aligned there, Minister, looking at the relative merits of public auto. I guess the first thing is: when can we expect this report?

Mr. Horner: The department has received a draft version of the Wyman report. I have not laid eyes on it yet. I think they're just working through some details with the team. You're not wrong; the report is looking at all options available to the province. I've said to all of the players in this space, from industry to injury lawyers to, obviously, Albertans at large concerned about affordability, that we'll have a large consultation. My expectation is that will probably happen in April or May. That's the majority of the information I can share at this time, but, yeah, we're getting close. I would just say that there was another report done by government, but it was the Premier's feeling that it was too narrow and it didn't look at absolutely everything, so we will wait and see what this report determines.

I would also share – and this isn't as widely known – that we've also commissioned another report to work at the same time as the Wyman report just to ensure that we get a full understanding of what the different potential scenarios from Wyman would mean for the overall economy of the province. That was beyond the scope of the of the Wyman study, so we're hoping, when we get both these reports, they can kind of speak in conjunction to what the overall Alberta situation would be. Obviously, if you switched delivery models, it would have a sincere impact on jobs in the private sector and a potential overall impact to the Alberta economy. You know, getting into the actual costs of the different potential scenarios as well will be important to understand. We're trying to cover all the bases, and, yeah, the consultation will be relatively soon.

Ms Phillips: Where is the department landing on the question of no-fault insurance?

Mr. Horner: Well, I'd say the department isn't landing anywhere because we're going to look at this report and determine, you know, what the best scenarios are. No province is the same, so I think it's a little challenging to try to make a comparison in a vacuum to any other jurisdiction, but we're trying to work through those comparisons. I think there is an understanding that if we're looking at the costs in the system, the government can look to potentially change through a different system or a different delivery. A lot of the auto repair costs have, you know, global economic reasons behind the cost to repair vehicles in this day and age. We have put a lot of time and effort in understanding the other side of the equation on the personal injury side, and there are a multitude of jurisdictions you can compare to that have gone to no-fault or providing a choice for people to look at no-fault and a series of different scheduled benefits. All of those things will be looked at in the Wyman study.

Ms Phillips: What have you heard from folks around this question of choice? It seems to me that we end up with a whole bunch of moral hazards, especially when people are feeling an affordability crunch. They choose to go through the door of no-fault or just some form of, you know, capped liabilities, and then something catastrophic happens, and it really is catastrophic for their lives. What has the department heard through this process on that topic of this choice business?

Mr. Horner: Well, I think you look at other jurisdictions that offer choice, and it's no doubt clear that most will take the cheaper option if offered it. But I think in this instance, you know, the Premier has been clear that we need to pursue affordability.

5:45

We've made that clear to, you know, both the injury lawyers, to industry, to all of the groups: while you two are fighting, we need to look after the best interests of Albertans. I think we're going to have to trust Albertans and work through this process with them. It's early days, but you do see that in jurisdictions that offer a choice, most choose the cheapest option.

Ms Phillips: Yes. Then the extra costs end up on the back of the public in the form of either, you know, forgone economic activity or increased burden on the health system or what have you. So there are risks to that.

What has the department heard overall on no fault? Can that be summarized?

Mr. Horner: Well, just to your previous comment about the costs landing at the expense of the taxpayer, I would say that they do now as well. Overall, the department's perspective on no fault: you know, from my interpretation of the department's perspective in the briefings that I've been part of, they see it as having potential to lower costs, but they also are quick to make clear the challenges, some that you've mentioned, as well as the potential changes to our overall economy, depending on which way you chose to deliver them. I think they're trying to look at it with clear eyes and understand with our data, Alberta's data, what it would look like under a series of different possible scenarios. I don't think they have a set-in-stone opinion, just that it's out there.

Ms Phillips: One of the things that I've noticed happening in the vehicle insurance system more broadly is that when people are going to get their vehicles repaired, they have to go to the insurance

company's mechanic shop, that is owned by them. You can't shop around; you can't go anywhere else. You absolutely must go to that place. Auto insurance and insurance of various kinds are entirely under the pen of a provincial government. Is that something that the province is looking at regulating?

Mr. Horner: It's certainly something that, you know, we've researched. We've certainly heard the same claim you've just made. As part of exploring different policy options, it's things that we've that looked at. I can't comment much more than that.

Ms Phillips: Just to summarize, then, we are looking at April or May, and then we're looking at a public consult of some duration after that report is released. How long are we anticipating that public consult window to go? Do we have a sense of that yet?

Mr. Horner: Well, I think it would at least be a couple of months, but I can't get more specific than that.

Ms Phillips: Are we anticipating, then, legislation in the fall?

Mr. Horner: Potentially but not set in stone. I would just say that, you know, that kind of goes back to the communications piece of the rate board, too, when you mentioned that some insurance companies take you to a specific autobody franchise. Not all do. Some offer discounts if you do, but that's part of the communications piece to understand what's being offered by different companies, too.

Ms Phillips: Just in the time I have left – and I'm sure we'll get back to it – on the fiscal plan, page 74, I just want to talk about the contingency fund. The largest contingency allocation was \$1.1 billion for a wildfire last year. Agriculture disaster support was not allocated from contingency, as I understand it. I just want to confirm my understanding. If that \$1.1 billion was wildfire, the other \$400 million went where?

Mr. Horner: You're correct that the crop insurance piece is statutory and was outside of that. The rest of the contingency . . .

The Chair: Thank you very much, Minister.

We will now go over to the government side. MLA Armstrong-Homeniuk, go ahead.

Ms Armstrong-Homeniuk: Thank you, Chair, through you to the minister. My riding of Fort Saskatchewan-Vegreville is home to the Industrial Heartland. One of the things I hear from many in the energy sector on a regular basis is a shortage of skilled workers. On page 7 of the strategic plan Budget 2024 seeks to address Alberta's labour shortages through initiatives such as the Alberta Is Calling attraction bonus.

The attraction bonus will provide a one-time payment for eligible workers to relocate to Alberta to work in the skilled trades and promote Alberta as a destination of choice for skilled talent from both domestic and international markets.

Minister, could you please outline the potential reasons for the existence of the labour shortages in Alberta?

Mr. Horner: Thank you for the question, MLA Armstrong-Homeniuk. Yeah, we're talking about the Alberta Is Calling attraction bonus. We spoke about it a little today. Why we're seeing shortages: you know, we're seeing definitely a population surge in the province. A lot of provinces are, certainly. I think the overall immigration number in Canada was 1.2 million in a country of 40 million, so everyone is seeing this somewhat. Alberta's number is higher than most, though, across the country, so you're seeing a lot

of people, which somewhat in itself does create more opportunity. You need to build more things, but also you see a lot of the biggest projects in the country being built here.

You mentioned the Industrial Heartland, obviously the Dow project, Air Products, and others. For the Dow project itself, I believe the numbers we're expecting: at peak construction over six years the jobs numbers will be between 7,000 and 8,000; I believe it's, like, 500 or 600 jobs once operational, so very impactful.

But, you know, projects of that size, when you're already tight on skilled labour, can drain an entire province of welders or pipefitters or electricians. That's why we've worked with these companies. They do great work on their own; these are their projects. They need to ensure that they have the right labour force. We feel we are in a position where we need to help and ensure that we can get these projects built in our province.

That's also why you're seeing the investment in skilled trades in our postsecondary institutions. I think Budget '24 creates 3,200 apprenticeship seats. We're trying to address that, working with the postsecondaries so that we can create and provide the skilled workforce that we need for the future.

We're not just relying on Alberta Is Calling. It's just a piece on the side to help while we encourage Albertans to choose a career in the trades, a very, very good place to make a good wage and good earnings. So we're just making sure they know what's there and that we have the space so they can take part.

Ms Armstrong-Homeniuk: Thank you, Minister. I think you can see me not wiping the smile off my face about the skilled trades in the Industrial Heartland especially but all of Alberta. I think this is a great initiative.

How will the Alberta Is Calling attraction bonus and other initiatives help not only attract but retain skilled workers in Alberta, particularly industries where they're most needed? You kind of touched on that, but I was wondering if you could expand a bit on that.

Mr. Horner: Yeah. Well, I was born in Alberta, and I'm happy that I was, but I certainly understand that if you're thinking about starting your life in a different province, it's quite a decision to undertake, especially if you have a family. We think that a lot of Alberta's broad advantages keep people here once they're here: the low tax environment – that's been mentioned – our relative affordability advantage regarding housing prices, for example. Those things, we think, keep people here once they're here, but probably important to note – and I know Minister Jones has addressed this over the last couple of days. It was important to him in the data that he saw that the Alberta Is Calling attraction bonus be larger even though it would mean more people would be able to take part. The data that JET had showed that the \$1,200 that was previously considered simply wasn't impactful enough to cover moving costs and actually encourage people to pack up their life and start anew here for new opportunities. That's how the \$5,000 came to be, by my understanding. It mirrored expectations of the cost to move across the country.

5:55

Ms Armstrong-Homeniuk: Thank you, Minister.

In several instances the fiscal plan frames the designated industrial zone pilot project as an important complement to the APIP program to increase the development of petrochemicals within the Industrial Heartland. One specific instance on page 104 discusses the project and frames it as helpful for attracting private-sector investment. What kind of projects are most likely to be attracted, and how will this help grow the capital region?

Mr. Horner: Yeah. I don't have it in front of me, but I believe it's \$38 million designated for this pilot project, the first designated industrial zone. An example of, you know, what we think this will help us accomplish: Pembina and Marubeni have signed a memorandum of agreement to develop an end-to-end, low-carbon ammonia supply chain from western Canada to Japan and other Asian markets, anchored by development of a world-scale, low-carbon hydrogen and ammonia production facility in Pembina's Redwater complex in the Industrial Heartland designated industrial zone. Mitsubishi and Shell Canada have signed an MOU relating to the production of low-carbon hydrogen through carbon capture and storage in the designated industrial zone. Hydrogen Canada Corp announced it's evaluating a blue ammonia project in the Industrial Heartland designated industrial zone. That would be for delivery to Asian markets, primarily South Korea and Japan. So a few examples, anyway.

Ms Armstrong-Homeniuk: Thank you, Minister.

What factors will be used to evaluate whether the pilot project is successful, and will evaluation take place after all the money is spent or throughout the pilot project?

Mr. Horner: Well, I think that by fall of 2024 the designated industrial zone operational policies and then the designated industrial zone directive will be evaluated and revised and, finally, finalized. Then the next operational review period for these policies will take place in five years.

Environmental, social, and governance, ESG, benchmarking is currently under way, commissioned by Alberta's Industrial Heartland, and will be completed in 2024. This evaluation compares ESG metrics across other leading jurisdictions. Five years from now the ministry will re-evaluate the IH zone based on regulatory streamlining, environmental management, economic competitiveness, in addition to metrics established through that ESG benchmarking.

Ms Armstrong-Homeniuk: Thank you, Minister.

I was wondering, Minister, if you could just answer one of the questions that I forgot to ask in the last batch there. This is regarding the labour market and the skilled trade workers. How much funding was earmarked or was going towards this initiative with these skilled trade workers, the \$5,000? What was the total amount?

Mr. Horner: Yeah. We'd have to find it in a couple of places. Obviously, in the capital plan we mentioned the \$10 million that will go out to the 2,000 workers within the Alberta Is Calling campaign. That will also cost us an additional \$4 million in administration and the campaign itself.

Alberta at work is a multiyear investment in education and job training. Beginning in 2022, the government committed to invest more than \$600 million over three years, from '22 to '25, to support workers with skills development, training, and wage programs as well as enhanced labour market information.

Budget '23 continued . . .

The Chair: Thank you very much.

We will now go to the opposition side for the next 10 minutes of shared time. Go ahead.

Ms Phillips: Thanks. The minister was just saying that, obviously, crop insurance is statutory. I was asking about the other \$400 million, from contingency, where that went, and then we can go on to other things. So if you wanted to finish that thought.

Mr. Horner: Yes. Pardon me; I should correct the record, Member Phillips, regarding our last line of questions. Insurers are required to provide the right to choose in writing to insureds as often as they can, as often they do recommend a particular shop. So just wanted to . . .

Ms Phillips: So when people tell me, "Oh, you're being forced to go to this place," that's actually not quite right.

Mr. Horner: They should call the AIRB.

Ms Phillips: Ah, okay. So at that point, then, it is that they are being strongly suggested, but they think they are being forced.

Mr. Horner: Recommend or incentivized, but being forced: they should be reporting that.

Ms Phillips: Right. Okay. Understood.

Let's just talk quickly about – obviously, crop insurance is statutory. I was wondering about the remainder of the contingency, and then I want to talk a little bit about what we're projecting this year around additional drought related and recovery related outside of crop insurance costs. Yeah.

Mr. Horner: Just to your original question about what else was in the contingency, a big chunk was physician compensation expense increase, a very big chunk. It's larger than I remember, but, yeah, \$611 million in the physician compensation line. Pardon me; just to correct the record, physician compensation was the lion's share of that, but within the \$611 million that also covered acute care, mental health and addiction programs, and various other initiatives within that space; \$360 million in Advanced Education and Education increases for postsecondary operating pressures, apprenticeship seats, student grant programs as well as we've updated funding enrolment growth within the year for K to 12 schools; judicial compensation, legal aid, employment and income support, seniors' lodges, homelessness, public safety programming, that combined line, for \$70 million. The cost of selling oil, debt-servicing costs, losses on disposal is a line item that was \$50 million. That also includes the Alberta child family benefit payments, lower affordability payments, and it was partially off-set by TIER fund spending that was reprofiled into future years and the capital grants reprofiled into future years. Yeah.

Ms Phillips: Okay.

Mr. Horner: Sorry. Now I've forgotten what you'd asked me after that.

Ms Phillips: Well, obviously, crop insurance is statutory, but we know we have a really challenging year coming in southern Alberta. There are a number of other municipal and assistance programs. Are those contingency, or will they be booked in some other way? How is TBF wrestling with how this year is going to go in terms of – I'm saying outside of wildfire, which is another thing entirely, but around community assistance, any municipality assistance, any direct assistance to agricultural producers: what are we looking at there? And what was contemplated in the planning in February, understanding that there are no crops in the ground quite yet?

Mr. Horner: Yeah. Well, like, if there's direct municipal assistance needed, that would be addressed in a real-time basis. You know, I know there are communities like Cowley that have been trucking water. We will definitely address those as needed. Yeah. The crop insurance piece is huge. Something that's in our favour this year,

although unfortunate for agriculture maybe, is that one of the things that really drove up the indemnity costs over the last couple of years was the rapid increase in commodity prices, so the variable price benefit within the insurance triggered a very large sum of money. They basically take the cost of the crop at the time of seeding, a projected spot price out into the fall, and then when you see rapid increase across all commodities, it triggers this variable price benefit. That was a substantial amount of the payout. That is not likely to be the case this year.

6:05

We've seen commodity prices really decline across the board. Why I say that this is potentially somewhat helpful, although it's not helpful for the farmer, is that even though factors within the program will tell it that it needs to grow and that it should be, you know, increasing a certain portion within the formula, the lower commodity price will keep premiums relatively stable. So even though the fund is growing, farmer X may not see it because the value of his crops is lower. The premium and their payout will correspondingly be lower, but it probably gives us less risk in this given year.

I should make this clear. Once the fund is depleted, the statutory formula changes. Like, overall crop insurance is subsidized by both levels of government. It's kind of a double 60-40. The government portion is 60 per cent; the farmer's is 40. Within that 60 it's split 60-40 again between the federal government and the province. So our portion is 24 per cent of the overall portion. It would be 36 by the feds, 24 by the province, and 40 by the producer. I think that's of interest while we're talking about this.

Once the fund is depleted and the government needs to kick in, the formula and process changes, and it's 75-25 by the feds and the province. That's where that series of funds would come from under that formula. There's a small deductible – the number escapes me; I think it's 5 per cent; it could be 10 per cent – that is a true cost to the province, and the rest of that statutory propping up of the fund is accrued back over time through the premium pool. Like I said, that did happen in 2002.

Your original question about the size of the contingency: you know, we put those different disasters and responses kind of in an ad hoc nature in the contingency, and then if it becomes a full-on disaster, we would profile it differently if we had to, if it warranted involving a DFAA program or it was substantial, of that nature.

Ms Phillips: Good.

Back in the day – that is to say, in the last Legislature – the Finance minister would answer pretty much any question having to do with revenue changes with a revenue review. I don't know if that ever transpired. Are we doing it? Are we not? What's happening there?

Mr. Horner: Well, it's not in my mandate letter, and there are a lot of things that are, so it's not currently being pursued by us. But I would agree with the former minister in this sense, that I do think it's a conversation that Albertans should have. I think it's warranted considering our, you know, revenue structure.

The Premier's position – not to put words in her mouth, but I think she said roughly as much – is that she's focusing still on the expense side. I think we did do some good work by necessity in 2019, but there may be – you know, there's kind of consistently a need for program review and making sure that you're delivering the priorities of the day efficiently. I think we'll undertake more of that on the expense side while providing Albertans with this new vision for the heritage fund, that we can show that we have a plan for decreased oil revenue in the future. But when it comes to revenue,

I'd say that just because we haven't had a panel, as was discussed by the former minister, it hasn't stopped us from looking at the revenue side. Some of the things you've mentioned, from the small ones like the electric vehicle tax to . . .

The Chair: Thank you very much, Minister.

Now we will go to the government side with what might be their last block. I understand MLA McDougall is going to be asking the questions. Go ahead.

Mr. McDougall: Thank you very much. I'm quite encouraged to see that over the last little while we seem to be putting increasing attention on the question of preparing Albertans for specific areas that are growth areas, not that the areas that we focused on before are unimportant but more of an emphasis, it looks, on skills training programs and apprenticeship programs. You know, I note the aviation programs that have been developed at Mount Royal and SAIT for dealing with a big expected increase in the aviation sector, the STEM program at U of C, et cetera.

This is obviously very important and represents part of what hopefully will be our competitive advantage going forward as we attract some of these growing industries. Can you speak to the importance of this array of initiatives that we're, you know, embarking on over the last little while to support Albertans in different stages and phases of their careers and lives, including retraining and new Canadians coming into Alberta?

Mr. Horner: Yeah. Thank you, MLA McDougall. A lot there. You mentioned, you know, aviation. That was a part of our investment growth strategy back from 2019, seeing that that had huge potential for the province. We've seen some substantial investments and change over the last few years. The De Havilland investment was huge, and there is a potential for more to come along with that. WestJet announcing that they would make Calgary the hub for their Dreamliners means a lot for our place in western Canada and North America. It truly is an advantage that we have across the province.

When it comes to the labour piece – you know, labour shortages in key sectors, barriers for entry for underrepresented groups, long-term unemployment – those continue to be challenges for Alberta. The Alberta at work initiative as well as other government skills training programs are designed to build and develop education and career pathways for learners, employees, and employers, bridge skill gaps, reduce barriers, and, obviously, prepare for the future labour market. Together these initiatives help address critical shortages in key areas – you mentioned a few of them but also health care, nontrade construction, energy, technology, and business; we touched on the aviation sector – and target funding to postsecondary institutions for seats in these high-demand occupations.

Budget '24 also continues to build on existing strengths such as our K to 12 education system, universities, and colleges, that are consistently ranked among the best in the world, and other career employment and income support services to ensure Albertans have access to meaningful support throughout their careers. You know, some of that would include expanding capacity in targeted areas of the adult learning system, support for proven skills development and training and other career employment, and income support services to assist Albertans in not only finding but maintaining employment, investments that support advancing an existing career through reskilling and upskilling opportunities. Obviously, we've touched on many times today funding to attract workers and investment to the province.

I think that kind of answers your question. I guess, in addition, we continue to use labour market information to design and adjust

these programs and services – it's a pretty dynamic, changing landscape – and provide valuable information to Albertans to make decisions about their careers, you know, young people trying to decide their path. The Alberta learning information service provides workers with occupation-specific labour market information, including information on wages, employment rates, and the medium- to long-term outlooks for their chosen or researched occupation.

Mr. McDougall: Thank you.

This will be the last question from the government side at this committee. I just wanted to say thank you as the minister in charge of Budget 2024. I think this is a wonderfully crafted budget document, so congratulations to you and your team. There are a lot of things that had to be balanced here with, you know, debt repayment, trying to go into the heritage fund again, and dealing with strategic investments so that we can continue to increase our productivity going forward, and, of course, dealing with the issues of affordability and compassion for those who need assistance – I think that achieves that – economic diversification and attracting future investment, all those things rolled up into one.

6:15

As I wrap up here, I would just like to ask you if there are any specific areas of the budget that you would like to highlight not only for the committee but also for everyday Albertans.

Mr. Horner: Thank you for your comments. I appreciate the thanks. A lot of this team here deserves the thanks for a lot of hours of hard work. So many people work on the budget and do a lot of diligence to make sure that we make the right decision. They're very hard decisions. It's all about the trade-off. You know, you have limited resources to deploy, and you want to make sure that you're funding the right things.

When I think of Budget '24 – you know, I've said that we've tried to strike the right balance. We've invested and prioritized in health care and education. I think that stands out to me in the budget. We've invested heavily in infrastructure through the capital plan. All of those considerations – you know, working backwards from a place where we could balance the budget and follow the fiscal framework.

No doubt there'll be challenges in the upcoming year, but I think we've put the province in a place where they can take them head-on and deal with, you know, what is a challenge but also a great opportunity. Seeing people choose to come here is a great thing. Having pressure to make sure that we have the capacity to build the things that they need is a great problem. It's certainly better than having people choose to leave and seek opportunity elsewhere and try to deal with the other side of the coin. I think Budget '24, hopefully, can address those needs and concerns.

I've said publicly that I think – you know, I have approached this looking at it: although the government of Alberta isn't like a company or a household, you can do multiple things at once. You can take out a mortgage while you're investing in RRSPs, for example. You can save for the future while you are using debt to acquire the capital you need, whether it's a house for a family or a multitude of schools and highways and everything else that we need to build. So trying to find that balance.

Obviously, the capital plan has cash requirements and other limitations. There's only so much that we can build within a certain time frame, and there are concerns about, you know, causing more inflationary pressures in the private market, too, by having too expansive of a plan. You do have to consider all of those things when you're making that decision.

I think what we've done is sent a strong message to industry that we're not just along for the ride, that we're going to lead through this as well and build Alberta through this boom. I think the re-energizing of the heritage fund and speaking to our future in this way is extremely pragmatic while managing our debt and ensuring that we're viewed in a way that's appreciated by the capital markets as practical managers of an admittedly rocky revenue stream. All of that is work that ensures that we can keep the advantages that we have.

The Chair: Thank you very much.

Now we will move on to the last block of the day and the opposition. Go ahead.

Ms Phillips: Thank you, Mr. Chair. Just a quick question. Around the time of having to take that bath on KXL of \$1.3 billion, or whatever it was, in 2020-2021, we were assured by the government that we were suing the United States and we were going to get some money back. How's that going? Did we get anything?

Mr. Horner: I believe that litigation is ongoing, but I think you'll have to direct that to Energy.

Ms Phillips: Okay.

Affordability payments, I think on page 87, that we did for our pre-election spending: in expense I think they're booked at affordability support and inflation relief, but I just wanted to double-check that my understanding is correct, that that's where the cheques came from.

Mr. Horner: Just one more time, Member Phillips.

Ms Phillips: Those cheques that everybody got right before the election: affordability support and inflation relief, I believe the money is booked under, on page 87 of fiscal plan. It was budgeted at \$276 million and came in at \$193 million. Am I correct, or am I looking at the wrong thing?

Mr. Horner: No; you are correct.

Ms Phillips: Okay. Came in quite a bit lower than projected. Is that because of uptake? Okay.

I'm going to go fairly quick here. Was there a fraud detection program in place, and was there spot-checking in place for that program?

Mr. Horner: There was. Details: I would direct you to the ministry. But I know that there was, yes.

Ms Phillips: Okay. Do we know the administration costs in that \$193 million? We did it through the registries, and we paid them a bit of a fee. Is that again – and which ministry is that? Is that TBF, or is that someone else?

Mr. Horner: It would be in Affordability and Utilities, but there would also be associated costs in Technology and Innovation and children's services and CSS.

Ms Phillips: Okay. Just so that I'm clear: in Seniors, Community and Social Services they booked some costs for this, but the actual cheques themselves were put in Seniors, Community and Social Services. I see it here in affordability support and inflation relief. Am I looking at the right thing?

Mr. Horner: That's correct.

Ms Phillips: And that's the all-in for, like, everybody who got their little cheque right before the election. That was it, right?

Mr. Horner: Correct.

Ms Phillips: Okay. And then the administration piece: we're going to look for that . . .

Mr. Horner: Just to clarify: children's services had some as well.

Ms Phillips: Okay. So children's services had some. That's on the administration side or some actual direct payments?

Mr. Horner: Direct payments.

Ms Phillips: Some direct payments as well. Okay. Children's services, but then on the admin side we've got the Technology and Innovation folks that concern themselves with some of that. Affordability and Utilities concern themselves with some of the process. Did Service as well because it was being delivered through registries?

Mr. Horner: All involved.

Ms Phillips: Service, children's services – I'm just making a list here – and the Tech and Innovation people. Okay. Any other departments pulled into this?

Mr. Horner: No. I think you've named them all.

Ms Phillips: Okay.

So there was the fraud detection program. Payments were spot-checked for eligibility. Was there spot-checking back to people's tax returns? In split households you could, you know, claim one kid or two or whatever. So was that also happening?

Mr. Horner: There was a verification process, but, yeah, details probably better addressed to the ministry.

Ms Phillips: Because there are, like, all these different departments that were administering this, which department would I check in for that fraud detection or even just mistake detection? It was entirely unclear to me, for example, when I was going through it, whether one would claim one kid, both kids, whatever, right?

Mr. Horner: Affordability and Utilities.

Ms Phillips: It's Affordability and Utilities. Okay. Good to know.

The only other thing I had to ask about this was – typically in some of these programs sometimes people just don't apply for it, for whatever reason, during the time window, and when they file their taxes or what have you, you know, they file them late and then they get the payment late. But I'm not seeing any allocation in out-years. Usually with these kinds of programs you see a little dribble of expenditure in the out-years as some people just don't get around to filing their taxes or whatever. So that is not available to them if they did not file and do it then?

6:25

Mr. Horner: It had a hard end date. There was no extension to the window.

Ms Phillips: Okay.

Now, any of the funds that went out for, like, children's services or others, do those have a hard end as well, or is that different?

Mr. Horner: As far as the cheques that went out, all of those, that program had a hard end, didn't have an extended window, but there's a myriad of other affordability measures that would extend.

Ms Phillips: Okay.

I want to just follow up on the capital plan. I had asked about some of that Lethbridge cardiac stuff. I'm just wondering if that's come back in or if I can look for that later. Yeah. Like a tabling of some sort later on is fine, too.

Mr. Horner: On page 114 of the fiscal plan the \$2 million for the Lethbridge project would be within the line: other planning funds for proposed health capital initiatives.

Ms Phillips: I'd asked about that in lock-up and they didn't know, so thank you.

Any other projections there for that particular capital project, or it's not in this budget?

Mr. Horner: It's not in this budget.

Ms Phillips: Not in the budget. Okay.

Mr. Horner: Just to comment back to the affordability, if you don't mind, something else to make note of was that if you were on income assistance, then you were automatically enrolled in those programs; you didn't have to apply.

Ms Phillips: So any statutory people got them. They didn't have to go over to a registry or stop into the AMA or whatever to apply for their funds.

Mr. Horner: Correct.

Ms Phillips: Okay.

Was there an explanation for – you know, there was basically, like, \$80 million that went unspent there. Was that just a question of not quite forecasting it in terms of uptake?

Mr. Horner: Probably a combination of us estimating high, not wanting to, you know, run out, and then a combination of just not enough awareness even through the campaigns. The uptake wasn't up to our expectation. Yeah. It's too bad.

Ms Phillips: All right. That's it for my questions for this evening, Mr. Chair. Thank you to the minister. Thank you to the officials for taking all of the time. Thank you to the minister for overtalking his five minutes at least twice, proving my theory that politicians will never be stopped. Thank you to the minister for being so forthright and going back and forth. Thanks to all the government members, independent, and others for their good questions. We've had a good six hours here, and I appreciate everyone's time.

Thank you.

The Chair: Thank you very much. There is some time left. I'm assuming no more questions, so I'll say okay. Seeing none, then pursuant to Standing Order 59.01(8) the estimates of the Ministry of Treasury Board and Finance are deemed to have been considered for the time allotted in the schedule.

I would like to remind committee members that we are scheduled to meet on Tuesday, March 19, 2024, at 10 a.m. to consider the estimates of the Ministry of Transportation and Economic Corridors.

Thank you, everyone. This meeting is adjourned.

[The committee adjourned at 6:28 p.m.]

