Legislative Assembly of Alberta

The 31st Legislature
First Session

Standing Committee on Resource Stewardship

Ministry of Treasury Board and Finance
Consideration of Main Estimates

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Standing Committee on Resource Stewardship

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Ip, Nathan, Edmonton-South West (NDP),* Acting Deputy Chair

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Standing Committee on Resource Stewardship

Participants

Ministry of Treasury Board and Finance
Hon. Nate Horner, Minister
Chris Merriman, Assistant Deputy Minister, Financial Sector Regulation and Policy, and Superintendent of Insurance

Alberta Investment Management Corporation
Paul Langill, Chief Financial Officer

Public Service Commission
Heather Caltagirone, Deputy Minister and Public Service Commissioner

3:30 p.m. **Wednesday, March 19, 2025**

[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, 2026.

I'd like to go around the table and have members introduce themselves for the record. Minister, please introduce your officials who are joining at the table. My name is Garth Rowswell, MLA for Vermilion-Lloydminster-Wainwright and chair of the committee. I will start to my right. Tany, introduce yourself.

Mr. Yao: Oh. Sorry. Tany Yao, Fort McMurray-Wood Buffalo.

Mr. Dyck: Nolan Dyck, MLA for the amazing constituency of Grande Prairie.

Mr. Bouchard: Eric Bouchard, from the amazing – amazing – constituency of Calgary-Lougheed.

Mrs. Johnson: I won't try to top that. Good afternoon, MLA Jennifer Johnson, Lacombe-Ponoka.

Mr. Horner: Nate Horner, MLA for Drumheller-Stettler. Joining me at the table I have Paul LeBane to my far left, assistant deputy minister of economics and fiscal policy; to my immediate left, Dana Hogemann, senior assistant deputy minister of Treasury Board secretariat; to my right, Kate White, Deputy Minister of Treasury Board and Finance; and to my far right, Mark Kleefeld, assistant deputy and senior financial officer for Treasury Board and Finance.

Mr. Haji: Sharif Haji, the MLA for the incredible Edmonton-Decore.

Mr. Ellingson: Court Ellingson, the MLA for Calgary-Foothills – I'm very familiar with Grande Prairie; it's lovely, but it doesn't hold a candle to Calgary-Foothills – and the shadow minister for Finance.

Member Calahoo Stonehouse: Jodi Calahoo Stonehouse, Edmonton-Rutherford.

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

Member Kayande: Samir Kayande, Calgary-Elbow.

The Chair: Thank you. I would like to note the following substitutions for the record: Mr. Bouchard for hon. Ms Armstrong-Homeniuk, Mr. Ellingson for Ms Al-Guneid, Mrs. Johnson for hon. Mr. Hunter for a portion of the meeting, Mr. McDougall for Mr. Boitchenko for a portion of the meeting, and Mr. Ip for Ms Sweet as acting 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 Assembly TV. The audio- and videostream 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 six hours. For the record, I would note that the Standing Committee on Resource Stewardship has already completed three hours of 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 Standing Order 59.01(6), and we are now at the 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 oppose having a break? Okay.

When we adjourned this morning, we were five and a half minutes into an exchange between Member Boitchenko and the minister. I note that he's not here and his sub isn't here, so we will start on your side for a 10-minute combined time. Did you still want to share time, Minister?

Mr. Horner: Yes, if that's . . .

The Chair: Okay. Carry on.

Mr. Haji: Thank you, Minister, and thanks to the department team. I can only say that it is the busiest time of your time, and thanks for all the work that you put into the whole budget process. As a former public servant in such a role I can understand how much time that it could take, so thank you.

Through the chair, I was looking into the business plan, objective 2.4, which is on page 182. It shows that the ministry aims to ensure Alberta's insurance market remains stable, accessible, and affordable. However, why is affordability not being measured in the metrics of the outcome on the objective? How is the stability of auto insurance assessed? I'll come back for the for the affordability, but how do you assess the stability of the market?

Mr. Horner: Oh, well, it's a great question. The market is definitely having its challenges, definitely seeing cost escalation on the vehicle repair side, inflation. We're also seeing an increase in personal injury claims, so we've started down the path of pursuing a system change, which is complicated and will take time. But it's meant to address the affordability concern, I'd say first and foremost, while providing more prompt care. It'll be a heavy lift for the department and team. This is quite an undertaking. We're hoping to roll it out January 1, 2027, and it'll take a lot of work to land that successfully.

The market: you know, we brought in the 7 and half per cent cap. We increased the cap. We hear consistently from insurers that, you know, that's not enough, that that's not covering their costs. That's leading to challenges in the landscape, but we've said that we'll work with them as we land this plane and, hopefully, land in a more affordable structure for all Albertans. But I don't want anyone to think that it's not going to be challenging and that the pressures aren't still there.

We have seen some insurers choose to leave. That is real. Others have let us know that they'll still have a hard decision to make with their boards, and others are willing to take the losses and, you know, put their faith in us to change the system and then be there to offer a new product and pick up from there.

Mr. Haji: The struggle I have is that before we even change the insurance system and overhaul, based on conversations that we've had with stakeholders, there are some insurance companies leaving the province. But your metric shows that 100 per cent stable is your target, so I'm struggling in terms of understanding: how do you have 100 per cent target throughout when you are in such a situation?

Mr. Horner: Well, I think the way I would view that is that you wouldn't need all of them to have 100 per cent availability. You know, the availability and what they offered to whom may change. Some, unfortunately, were further behind in their asks of the rate board for increased rate. They're in an unfortunate situation since the caps came in. But I think the goal is around availability, and I think that's how we are viewing what a stable marketplace is. We're confident that there will be a home, a place for everyone to go for insurance once we land this plane.

Mr. Haji: Basically, the metric measure is the availability of insurance companies in the province.

Mr. Horner: The availability to the consumer: I would frame it that way.

Mr. Haji: But we are not able to measure in terms of stability given that we are going to make a major change in the system.

Mr. Horner: It's very tough to measure the metrics while you're in the middle of a change, but we're going to keep our threshold cap limits in place to provide that affordability in the short term, get to the end goal, and . . .

Mr. Haji: Have we considered it?

Mr. Horner: Could we consider what?

Mr. Haji: Have we considered it in terms of measuring of stability?

Mr. Horner: Well, yeah. I think the point is that we needed to make the change to get to where we can talk about the stability outcome and metric. It's obviously a challenge in the transition period, but that's the goal. That's what we're trying to measure.

Mr. Haji: Okay. Given the affordability challenge that we face and instability in the auto insurance sector as well, do you think that we need to jig and change this measure that we have with the business plans? Because this is what we have had.

Mr. Horner: Well, I think it will all be reviewed with the new system, so potentially. You know, that was one thing that became very evident out of the consultation and the summit that day, that availability was something that we'd left out of the consideration. So that is the goal right now, to ensure as we're seeking to make things more affordable that it exists for everyone.

Mr. Haji: Thank you. According to page 56 of the fiscal plan the revenue from automobile insurance has increased by $66 million. I understand the rise is from the premium rates that led to the increase of insurance premium tax revenue. Why is the government not adjusting the tax rate to be revenue neutral, especially when Albertans are facing affordability challenges when it comes to auto insurance relative to the rest of the country?

3:40

Mr. Horner: Well, we looked at it through part of our process, but I would say: take this as a measure of balance that we're trying to apply to all things. We didn't raise it either, considering we're running a $5.2 billion deficit. I think that, you know, showed our appreciation and effort to try to not exacerbate this problem. But yeah. No decision was made to lower it.

Mr. Haji: Yeah. I appreciate that it wasn't raised, but I also want to underscore that we have higher premiums compared to the other comparable provinces.

I'm also seeing that we have an increased revenue compared to the previous year, which would have triggered saying that this is a way of providing a relief to Albertans in terms of the auto insurance costs that they have to pay on their monthly premiums.

Mr. Horner: Well, I just say that you have to look at everything holistically. It's volume that's driven the revenue increase, 200,000 new Albertans, largely. Deficit. No path to balance yet. Hard decisions coming. You know, I appreciate the concerns around affordability. That's why we brought in the income tax cut. We've tried to protect people with a good driver rate cap even though it's causing maybe more challenges behind the curtain, so to speak. But we're trying to balance those needs of Albertans while we get to January 1.

Mr. Haji: Okay. On page 153 of again the fiscal plan the motor vehicle accident claims fee is set to double from $6 to $12. Why is this increase happening at a time when vehicle-related costs are contributing to the affordability crisis?

Mr. Horner: Just bear with us.

Mr. Haji: While on that, how much is the premium tax component? What's the percentage?

Mr. Horner: Lots of binders. It was from $6 to $12 per annual motor vehicle registration.

Mr. Haji: The question is: why did it double?

Mr. Horner: The fees for the MVAC program have remained unchanged since 1986 and have not kept up with the increase in total claimants and the higher average cost to settle claims. The MVAC program covers 100 per cent of Albertans – pedestrians, cyclists, and minors – not only those with an auto insurance policy. The MVAC program ensures victims injured by uninsured or unknown drivers have a place where they can receive payment for their personal injuries.

Mr. Haji: So it was a compounded increase, basically, that has not been increased for many years?

Mr. Horner: Largely; 1986. Most of the fee increases that we adjusted had been 30 years without being adjusted.

Mr. Haji: Yeah. Did we consider doing that in multiple years instead of one year?

The Chair: Okay. Thank you very much. We might have to get back to that next block.

We'll go to the government side. Member Dyck, go ahead. Ten minutes.

Mr. Dyck: Excellent. Well, thank you so very much. Thanks for coming back again this afternoon. It's so great to see you guys back here.

Mr. Horner: I thought I had to.

Mr. Dyck: Same here.

I got a question on the Public Service Commission. It's line item 9 on page 242 of the government estimates. It's getting a small increase this year. With that increase and just generally, what can you tell us about the work the PSC does and will be doing into the 2025-2026 reporting period?

Mr. Horner: Thank you for the question. Glad that I have them sitting behind me if I need any help here. Yeah. The Public Service Commission's budget for '25-26 is proposed to remain the same as last year at $71.1 million. The Public Service Commission is the central human resource department for the Alberta public service and is responsible for providing HR services to all 27 government departments and more than 29,000 employees, enabling them to effectively implement the mandate and goals of government.

The Public Service Commission is established through the Public Service Act and is responsible for delivering client-centred HR services, including employee relations, recruitment, workforce planning, and organization effectiveness; leading HR policy, planning, and programs, including occupational health and safety, compensation and classification services, pension and benefits, and HR data governance and analytics; representing the GOA as the employer in collective bargaining and leading labour relations across departments; co-ordinating learning, development, and talent management for the GOA as well as communications and engagement strategies; and collaborating with departments and public agencies to promote a consistent approach to agency governance and recruitment.

Mr. Dyck: Excellent. Well, thank you for that, Minister. Now, out of that either money or extra money, does the Public Service Commission plan to spend any money in this next reporting period on DEI initiatives at all?

Mr. Horner: It's important to note that the Alberta Public Service has never had, I guess, the "E" in DEI; an equity policy. The Public Service does have a diversity and inclusion policy statement, which says:

> The Government of Alberta is committed to a diverse public service workforce that reflects the qualities and differences of the broader population it serves.
>
> The Government of Alberta is equally committed to an inclusive workplace that welcomes, respects and values the diversity of employees and supports them to actively engage in the workplace and achieve their full potential.
>
> The public service will work toward a barrier free workplace and support and foster a diversity of perspectives with the aim of providing programs and services to meet the diverse needs of Albertans.

This policy statement has been in place since 2017 and reinforces the APS' commitment to having a public service workforce that reflects the qualities and experience of the broader population it serves and to fostering an engaging workplace so that employees can provide high-quality service to Albertans.

The statement's focus is grounded in employee engagement and ensuring the APS continues to have a positive workplace culture. The Public Service Commission does not have any dedicated funding for diversity and inclusion initiatives. There are a number of optional trainings that are offered in the APS that touch on diversity and inclusion-related themes such as the Indigenous cultural protocol training and working together disability awareness. These courses are not mandatory but are offered as part of the broader professional development framework in the public service, and there is no funding allocated for these courses.

Mr. Dyck: Excellent there. Thank you for the explanation and just the clarity on that, Minister. I really appreciate it.

I'm going to just jump over to the revenue here of government. I do have a question just on the investment income. It's on page 229 of the government estimates under the revenue section. It's kind of a two-part question. What's included in the investment income? There's significant difference between what was budgeted and the forecast amount, according to my math, just under $2 billion on investment income, and then in our estimates we see a slight decrease in the budget. Can you explain why we see our investment income going slightly down, roughly just under $300 million, I believe, but then also we had this giant windfall of almost $2 billion on the actual forecasted amount of what we are receiving on the revenue? A couple questions there; just wondering if you can walk me through our investment income.

Mr. Horner: The decline in investment income compared to last year's results reflects changes in market conditions, including generally lower yields on money market and fixed-income instruments, which most significantly impact the heritage fund and government endowment investment performance. For example, as of the latest fiscal quarter end the heritage fund, which is now worth $25 billion, had fixed-income and inflation-sensitive asset exposures equal to more than 50 per cent of the investment portfolio. While this allocation does help balance portfolio risk while dampening return volatility, it is impacted by fluctuations in underlying interest rates. The government remains committed to prudent investment management of the heritage fund and endowment assets. Other liquidity, cash, and near cash accounts continue to be managed to prioritize the full safety of capital. It's one of the things that will be addressed when we're talking about asset allocation for the heritage fund.

3:50

I don't want to suppose what the Heritage Fund Opportunities Corporation will provide as far as the statement of investment priority and goals for the fund, but I'm quite confident it won't have, you know, a 30 to 40 per cent allocation to fixed income. That's one of the changes. By leaving the retained earnings in, having a more patient expectation and timeline, we would expect that the allocation will change.

Mr. Dyck: Excellent. I'm seeing some of your staff nod their heads in the back, so I think you nailed that one.

I've got time, I think, for one or two more questions here. Jumping back to page 242 of the estimates; it's line item 7.1. The budget for the financial sector regulation and policy will be increased by $9.5 million overall. Can you explain what the financial sector regulation and policy entails and give us some insight as to why the overall increase of $9.5 million going forward?

This is a significant increase on that budget line. I just want to know: is it coming in from somewhere else? I think by my math, it's just over double on that one line. That's a lot of increase, so I'm just curious where that extra cash is going.

Mr. Horner: Well, it's the insurance undertaking, but I'll try to give you a more thorough explanation and answer to the first part of your question.

Financial sector regulation and policy provides policy, regulatory support, and analysis to the minister on insurance. That's including consumer protection, pensions, and financial institutions. The division also regulates and supervises registered pension plans, insurance companies, and provincially regulated financial institutions through the superintendents of pensions, insurance, and financial institutions and respective branches. Working closely with regulatory and administrative agencies such as the Alberta Insurance Council, Automobile Insurance Rate Board, Alberta Pensions Services Corporation, Alberta teachers' retirement fund, and the Credit Union Deposit Guarantee Corporation, the division is responsible for ensuring legislation, regulation, and policy meet current and emerging needs. FSRP also leads the regulatory sandbox and Financial Services Concierge for Alberta's financial services and financial tech sector.

The increase in FSRP's budget, as identified by the member, will be utilized to help support policy development and implementation of the new care-first auto insurance model. This amount includes $8 million for support for external contractors in areas of experience that the division does not currently retain, such as actuarial analysis, injury treatment protocols and medical assessment, project management, advertising, and external legal support. Additional amounts of $1.5 million will be used to fund up to 13 temporary staff within the unit to support the implementation of the project.

Mr. Dyck: Awesome. I really appreciate that, minister. Auto development and those policies, those are pretty significant. Thanks for you and your team for taking that. I'm very hopeful that we can see some significant decreases for people across Alberta, so thank you for that.

The Chair: Thank you very much.
We'll go over the opposition side. Member Haji, go ahead.

Mr. Haji: Yes. If you could go back to the prior question around: why did we not consider the increase over time instead of one time. I'm . . .

Mr. Horner: You're assuming it's one time.

Mr. Haji: Yeah. It's a jump that you said, because . . .

Mr. Horner: Yeah.

Mr. Haji: . . . you have not increased from that. It's not an assumption; it's just basically what you said.

Mr. Horner: I'm just saying that it'll have to be constantly monitored. We could've brought it in slower; we could have gone higher. It may have to go up again. I don't presuppose any of those things. That's where we're headed.

Mr. Haji: Okay. Similarly, page 70 of the fiscal plan allocates an additional $7 million for motor vehicle accident claims related to uninsured or unknown drivers. Through the chair, can the minister explain the reason for this significant increase?

Mr. Horner: What's the page, sorry?

Mr. Haji: Page 70 of the fiscal plan.

Mr. Horner: Okay. The answer is that there's more injured, but I'll just see if there's . . . It's the '24-25 forecasted amount?

Mr. Haji: Yeah.

Mr. Horner: Yeah. More injured. Yeah. I don't have much more data than that. Higher volumes and medical costs for motor vehicle accident claims from victims of uninsured or unknown drivers. You're asking what's the driver behind . . .

Mr. Haji: Yeah, the driver of it.

Mr. Horner: Population growth. I'd have to dig in. Costs going up.

Mr. Haji: Will you be able to provide some of that background information?

Mr. Horner: If we have it, I am sure we can. But I should just say that the MVAC will look different and change with the system change as well.

Mr. Haji: I just want to clarify between the two. If it is a population increase, understandable. But, as you said, if there is an increase in injuries, then we should all be worried about that.

Mr. Horner: The increase is primarily due to the continued increase in the number of applicants entering the program along with the average medical claim cost. So average cost increasing, resulting in higher injury claims expense. In addition, the increase is due to an additional resource to address the resulting caseload growth in the program.

Mr. Haji: Okay. Insurance company profitability and the tax revenue is something that will have an implication when it comes to the new model. Of course, I understand it's not still there, but my question would be that if over the next two years the new auto insurance model is implemented, how much additional profit margin is the government considering for insurance companies? Again, I am tying it back to the stability.

Mr. Horner: Just a second.

Mr. Haji: I can come back to that and then jump into another question so that I don't lose time.

Mr. Horner: We're going to have more to say next week. I don't think anything has changed. It's currently 6 per cent at the rate board. We lowered it from seven. I haven't been in any conversations where I understand that it's changing. I just want to see what my deputy minister hands me here.
If you'll indulge me – Chris, do you want to answer this?

Mr. Merriman: I'm Chris Merriman. I'm the assistant deputy minister of financial sector regulation and policy as well as the superintendent of insurance. Thank you to the member for the question. Right now the profit margin is one of the things that's being considered under the new care-first model. At this point I can't really speak to what the changes are in that because I could be breaching cabinet privilege, and you can imagine that would probably get me in trouble. But the minister indicated that he hadn't been in any discussions as to that. There are a lot of additional questions that are still needed to be addressed beyond what we've already got approval for at this point. So that would be potentially one of them.

Mr. Haji: Well, thank you, Chris. I look forward to what that margin would be.
Back to, again, the fiscal plan, page 145. It projects an increase of $71 million and $77 million in the subsequent two years. I'm wondering what this increase will account for in the new insurance model.

4:00

Mr. Horner: What page and line are you looking at?

Mr. Haji: It's the fiscal plan, page 145. If you look at the top of my – I think it is under insurance tax revenues.

Mr. Horner: So he's looking under . . .

Mr. Haji: It's under other taxes, insurance taxes.

Mr. Horner: Yeah. It's purely based on volume.

Mr. Haji: Yeah. But does this take into consideration the new model? It's a forecast that I'm looking into.

Mr. Horner: This is a forecast of the current model.

Mr. Haji: For the current model.

Mr. Horner: Yeah.

Mr. Haji: It doesn't reflect the new model.

Mr. Horner: No.

Mr. Haji: So these may not be the numbers that we'll be talking about in the future.

Mr. Horner: Current legislated model. We can't model on things that don't exist yet.

Mr. Haji: Okay. I will go into my – on page 182 of the business plan the ministry outlined its intent to use the regulatory sandbox to support financial innovation, including implementing a halal financing option. I understand that the ATB and credit union are set to launch their first halal finance products this summer. Additionally, the government has been in negotiation with investors from out of the country. Before I talk about the investors, with the launch of the halal financing through the ATB and credit union, will there be any financial implication on Budget '25?

Mr. Horner: Not for the government.

Mr. Haji: Okay. The government has been in negotiation with investors from Kuwait. Can the minister confirm whether these investments have been incorporated into the fiscal outlook?

Mr. Horner: Yeah. I'm not aware of what you're referring to.

Mr. Haji: Okay. Let me go to – on page 178 of the business plan we see that treasury and risk management provides policy support and analysis for ATB Financial. According to the ATB website the mandate of ATB is to provide financial services for Albertans. What are they learning from the review that has been completed, and what changes are being considered with the ATB mandate?

Mr. Horner: Well, I think the big change that has happened to their mandate would be around the dividend piece in my time here – and thanks for ATB's, you know, co-operation as we achieve that – $25 million per quarter, $100 million a year for the GOA, the first dividend that has been paid back of that kind for the asset owner, which is Albertans and the GOA.

I do have a Dan Hugo here. If you want to come to the mic, Dan, and speak about ATB's . . .

Mr. Haji: Yeah. We'll come back to that later.

Thanks, Dan. Appreciate it.

The Chair: Thank you very much.

Next on the government side is – oh. Before that, Member Boitchenko, if you could introduce yourself for the record.

Mr. Boitchenko: Andrew Boitchenko, MLA for Drayton Valley-Devon.

The Chair: Okay. Member Bouchard, you have 10 minutes. Go ahead.

Mr. Bouchard: Thank you, Chair. Thank you, Minister. On page 249 of the government estimates under the item labelled Other Revenue, it looks like the ministry is expecting to see an additional $6 million over the 2025-26 reporting period compared to the 2024-25 estimate. What exactly constitutes other revenue, and how is this estimation for the '25-26 reporting period decided?

Mr. Horner: Okay. Thanks for the question. Other revenue primarily consists of other miscellaneous revenue, sources that partially come from services provided to other agencies from the department, and administrative and penalty revenue from the Alberta Securities Commission.

The $6 million increase is related to the Alberta Pensions Services Corporation. The $6 million growth in APSC is from continued membership growth, currently 4 per cent from prior year, and new participating employers. Services are also expected to increase, and administering the various plans is becoming more complex. Alberta Pensions Services Corporation guides the pension experience on behalf of Alberta's public-sector pension plans. APSC was incorporated in 1995 under Alberta's Business Corporations Act with the government of Alberta as the sole shareholder. Services would include contributions management; member, pensioner, and employer information management; member, pensioner, and employer communications; benefit calculations and disbursements; plan board services; policy development and implementation; communications design and delivery; compliance, regulatory, and plan financial reporting.

Mr. Bouchard: Excellent. I think you touched on it a little bit: how will this revenue from the other revenue sources be used to ensure a brighter future for all Albertans?

Mr. Horner: Well, I hope any revenue the government receives is put towards a brighter future for all Albertans. I'm pretty confident it has been, and that's what this budget represents. Yeah. Budget '25: you know, we're delivering on our income tax cut for the 8 per cent bracket. Big investments in health, mental health and addiction: 1.8 for mental health and addiction, 4.4 for assisted living Alberta under SCSS. Ten point four billion in total program expense in education: funding for enrolment growth, adjusting the funding formula for school boards, provide support for students with specialized needs, and address classroom complexity. The capital plan is huge: $26.1 billion. That's a $1.1 billion increase. A big chunk of that is for municipal infrastructure support, 7 and a half billion. Three point eight billion for capital maintenance and renewal: that has to come up, too. Even though you're building more, we have to maintain what we have. Three point six billion for health, mental health and addiction, and continuing care; $2.6 billion for schools; 2 and a half billion for roads and bridges; and $6.1 billion for other capital planned envelopes such as the SUCH sector's self-financed capital spending.

Yeah. I hope you can see that it's all being, you know, pushed towards a better life for Albertans now and tomorrow.

Mr. Bouchard: I appreciate that. Thank you.

I'll stick with page 249 of the government estimates. Under the expense labelled financial sector and pensions I see the ministry is expecting to spend $232 million on this item over the '25-26 reporting period, which is an increase of $26 million from last year's estimate. Now, can you explain what the finances for financial sector and pensions entail from the ministry? And please expand on why this expense is increasing $26 million over the '25-26 reporting period.

Mr. Horner: Okay. Thank you, Member. The financial sector and pensions line within our ministry's statement of operations is comprised of department-voted spending, including the financial sector and pensions division and the AIRB, or the Automobile Insurance Rate Board. The line also includes statutory spending related to pension liability funding expense of the government's portion of several public-sector pension plans' pre-1992 unfunded liabilities as per the public-sector pension reform legislation in 1993. These include the closed management pension plan, the universities academic pension plan, the special forces plan, and the MLA pension plan. In addition, this line includes spending for the Alberta Insurance Council, Alberta Pensions Services Corporation, and Alberta Securities Commission.

The increase is primarily due to funding to support the mandate item of automobile insurance reform for additional resources and costs to support public education and other program costs. These costs result in no net increase to government's bottom line as all regulatory costs are recovered from industry. In addition, higher ASC and APSC spending is reflected as a result of additional resources, merit increases, and increase in benefit costs. The increases in APSC are recovered from its clients.

I don't know if you heard me gulp when I read "MLA pension plan." Just for Albertans watching, that's all old.

4:10

Mr. Bouchard: No comment. Thank you, Minister.

On page 183 of the ministry business plan under outcome 3 we can see that the Ministry of Treasury Board and Finance is dedicated to keeping an efficient and effective public service which works for its citizens. This is supported by a $71.1 million allocation to the Public Service Commission to support the development and delivery of strategic HR policy. Can you explain to this committee how this $71.1 million allocation was decided upon for the '25-26 reporting period?

Mr. Horner: Yes. Thank you, Member. The Public Service Commission is established under the Public Service Act and is responsible for providing human resource services for all 27 government departments. Much like the rest of Treasury Board and Finance, the PSC exists to provide services to the rest of the government of Alberta, ensuring that departments are able to effectively deliver on the government's mandate and provide much-needed services to Albertans.

A few things the PSC is responsible for: delivering client-centred HR services, which includes employee relations, recruitment, workforce planning, and organizational effectiveness; leading HR policy planning and programs, including occupational health and safety, compensation and classification services, pension and benefits, and HR data governance and analytics; co-ordination of learning and development and talent management for the APS, including internal employee communication and engagement strategies; collaborating with departments and public agencies to promote a consistent approach to agency governance and recruitment through the Public Agency Secretariat.

Of the department's $71.1 million budget, over 94 per cent of that is dedicated to salaries and benefits associated with the PSC's 603 full-time equivalents. The remaining 6 per cent of the funding is for a small number of contracts for things such as professional and legal services, the delivery of employee training, and medical consulting associated with the disability services and the long-term disability income continuance plan.

It is also important to note the number of FTEs in the PSC compared to the number of FTEs in the Alberta public service in Budget 2025. If you want to look at the closest comparators – we usually use Ontario west – Alberta has continued to serve the highest number of employees per HR person. This is based on '23-24 data: British Columbia was 1 to 43; Saskatchewan, 1 to 40; Manitoba was 1 to 36; Ontario was 1 to 34. The APS was 1 per 49, to give you a bit of a reference point.

Mr. Bouchard: Thanks, Minister. You answered my next question before me having to ask it.

Mr. Horner: Oh, good.

Mr. Bouchard: So I'll move on to the next one, I suppose. On page 182 of the ministry business plan under the key objective 2.2 we see that the Ministry of Treasury Board and Finance is positioning to work co-operatively with other jurisdictions to improve security regulations in Canada, improve access to capital, ensure a provincially led regulatory system that meets the needs of Alberta market participants and investors. I'd like to ask about this objective. To the minister through the chair . . .

The Chair: We'll stop there and maybe come back to it.

Member Kayande, you have 10 minutes. Go ahead.

Member Kayande: Okay. Thank you. Thank you, Mr. Chair, and through you thank you to the minister for making yourself available. It must be a very grueling day.

Mr. Horner: It's a long one.

Member Kayande: Yeah. I wish I could say that I'm going to take it easy on you.

My first question is about property tax. Of course, being the MLA for Calgary-Elbow, my instinct is that Elbow is going to be disproportionately impacted by the property tax changes. Disproportionately the provincial component of the property tax affects Calgary more than the rest of the province, and I suspect that within Calgary it is Elbow that is going to be taking a fair bit of the brunt of this. Do you have any – and this is a very specific question, so if you need people to work on it, they can do that, but say for a hypothetical family in Altadore with a $900,000 house, how much extra property tax would they pay?

Mr. Horner: You can definitely calculate it. I can guess in my head. I don't think anything you said there would be inaccurate. I'm aware of the communities in Elbow. I think that's a likely outcome.

Member Kayande: Okay. And then secondly, and I don't know if this came up this morning, but if you think about the 8 per cent tax bracket, like, if we think about somebody making, I don't know, $120,000 a year, and if we say that they're a single income earner, two children, spouse who doesn't work outside of the home, what is the effect of the cascading exemptions? Because exemptions, I believe, are calculated at a lower tax rate as well. Is a portion of that $750 that you're estimating per ratepayer given back for children and nonworking spouse?

Mr. Horner: We did our best to bring in some bolt-on amendments to ensure that nobody was made worse off through the tax change, you know, single income people with, say, a disabled kid that have a lot of tax credits, to make sure we made up for the rate on the credits being lowered as well. We've tried to cover those bases so that no one was made worse off. If you want a specific number for a scenario, we could try to do that here, I guess.

Member Kayande: You don't need to do it here. You can come back later, but I tried to do it myself, and it's hard.

Mr. Horner: What are the parameters you're asking?

Member Kayande: Let's call it a single income $120,000 a year, nonworking spouse, two kids under 18 living at home.

Mr. Horner: Single income, two kids, nonworking spouse. We'll figure that out.

Member Kayande: All right. Thank you very much.

The Chair: Just a note on that. If you don't calculate it out in these three hours, you'll have to submit that to the Chamber.

Mr. Horner: Well, I'll do that one for you, Mr. Kayande, but I said earlier that I don't want to make homework for these guys, so we'll try.

Member Kayande: Okay. Thank you. I very deeply appreciate that.

Moving on to the heritage fund, and I believe this is in the business plan, but, you know, the heritage fund has options of where to invest. What do you think thematically about – we are a very oil and gas linked province when it comes to our revenue – if your stated intention of the heritage fund is to help us get off the roller coaster, then how does that dovetail with an investment strategy that, you know, doesn't preclude investing in energy or in Alberta? Can you talk about that a little bit?

Mr. Horner: Yeah. I think that the way I picture it – and I hope this answers your question – is it's going to give the government in 2050 the optionality if there are less bitumen royalties, if oil and gas has gone a different way, that you'll be able to use, you know, a portion of the retained income in a given year. We've looked at numbers like potentially $10 billion a year by 2050 that could come off and still allow the fund to grow. I think when you're talking themes around investment, obviously, oil and gas is very lucrative to the province. It's our asset. It's our royalty. I think you want to make sure that you foster that as best you can through markets and egress and technology, trading partners. I think that will always be a part of it, but I also think that there's a lot of other emerging themes that are potentially also very lucrative in that space.

I would say, not coming from that world, and I know that you do, Samir, I kind of went through that process having to be convinced that this was possible, so I thank the team for the doors they've opened to me to have conversations and try to convince me. I think thematically for the province everything from water to technology, electrification and everything that comes with electrification from storage to safety and fire to space, telecommunications, there is so much that's changing so fast. I think that as long as we have the right people in place to handle those themes – and I think the themes really help with the ancillary potential benefits, like, maybe they invest with some people that maybe do a project elsewhere in the globe, but also they get awareness for what Alberta has to offer, and it spins off that way, if that makes sense.

4:20

Member Kayande: Thank you very much, Minister.

On page 145 – I believe this is the fiscal plan.

Mr. Horner: While you're digging, Samir, I do have an answer to your question. An 8 per cent tax bracket for a single income household with $120,000 in income: the tax savings would be $195.

Member Kayande: Oh, great. Thank you so much. Really appreciate that.

Heritage fund returns are projected at about 4 and a half per cent throughout the forecast horizon, and it looks as though you need nearly 10 per cent a year in order to get to the $250 billion number. When are the two going to match up, or why don't they match up?

Mr. Horner: Well, I think it's a 9 per cent expectation if you kind of work it backwards from the $250 billion. I think we would point to the fact that, you know, by doing 7 per cent or a little over 7 per cent with a really antiquated asset allocation that all of the heritage fund assets currently have, we think that that leaves substantial room to make that possible. Like I answered in a previous question, I think fixed income is at 30 to 40 per cent on the current allocation.

Member Kayande: But then why not model that into the expectation that you're putting into the budget? Because a 4 and a half per cent is this year, next year, and the year after. Looks like it's around 4 and a half. So every year that you don't meet that 9 and a half – it depends on how you round, I guess. My trusty HP 12C tells me you need 10.65 per cent starting in three years if you want to start hitting $270 billion at that point.

Mr. Horner: So what's the question, Samir?

Member Kayande: Why do you show only a 4 and a half per cent return in the budget documents for the Heritage Savings Trust Fund for the next three years?

Mr. Horner: Short term versus long term. I don't know how more I can explain it.

Member Kayande: But that means you're running out of time, right? Like, that's the problem. If you started today and got 9 per cent rate of return, you'd hit $250 billion. But if you're starting three years from now, then the rate of return must necessarily go up.

Mr. Horner: Yeah. It's an average over time. We're expecting there will be lots of years when it's higher than that as well. We need a little time. The asset allocation hasn't even changed yet.

Member Kayande: Okay. So it's fair to say then that if we think about the budget as being the truth, we're really looking at something around 10 and a half per cent required rate of return starting in three years in order to hit the plan. Is that correct?

Mr. Horner: Well, 9 per cent is the number that I've been told.

Member Kayande: Average from now, but you're giving up, because you got 4 and a half, 4 and a half, 4 and a half, and then some other number, and that other number has to be around 10 and a half according to my calculations.

Mr. Horner: Yeah. Like I said, it is an average. If you're taking into account the short-term lower number, I guess that shows our expectation for a higher number in more years, right?

Member Kayande: Thank you very much. Really appreciate that, Minister.

The Chair: All right.

We'll go over to the government side again. Member Johnson, go ahead. You have 10 minutes.

Mrs. Johnson: Thank you so much, Mr. Chair, and thank you, through you to the minister and to all of your staff, who have done so much work in the past year and preparing for this. Really appreciate that and having you be here today to answer all these questions.

I'm going to start with debt servicing. I know as a manager of a home, even, that it's really important to control what goes in and out. If you don't pay your credit card every month, you've got interest to pay, and that's no different with the government. It looks like we've got $3 billion plus in debt-servicing costs. I remember the minister for transportation talking about this in the Chamber and saying that our debt-servicing costs really are equal to his entire ministry. Imagine if we didn't have any debt-servicing costs we could double the scope of what he is doing. We could have so many more roads paved, we could repair so many more bridges, and we could do it very, very quickly. Or, in another way, we could be building a new school every month with those debt-servicing costs, so this is really important.

I see on page 249, under the expenses, that our debt-servicing costs are expected to drop this year. Well, I think this is really good news, and this is despite the fact that there is a deficit. Through the chair to the minister: can you tell us why the debt-servicing costs are falling going into the 2025-'26 reporting period and maybe what the trend has been in debt-servicing costs over time?

Mr. Horner: Sure. Thank you for the question. The reduction in debt-servicing costs this fiscal year is mainly attributable to favourable market conditions, including lower short-term borrowing rates and intermittent cash surpluses, which have allowed for strategic timing of borrowings. A significant portion of the borrowing contemplated in Budget 2024 was secured during the year at more favourable rates than was originally forecast. We are anticipating an increase in the debt balance by the end of the current fiscal year, primarily due to the partial prefunding of term debt maturity scheduled for '25-26.

I know my debt guy isn't with us today, but throughout this year, you know, we knew that we had a large debt stack maturing in the first quarter of 2025. The plan was we would try to smooth that out and borrow throughout the year in preparation of that. Some might ask: are you at risk of interest rates changing or the like? But it's a prudent path to ensure that we get in in a way that the capital markets like to see, we come to the market often, adding liquidity to our bond offerings. I think it's been well served.

That's a number that Alberta has never had to wrestle with before. There's a combination of, you know, 10-year debt from 2015 and some short-term COVID debt, but a stack that we've never seen before. The team has done a phenomenal job trying to add liquidity to Alberta's bond curve, which the markets greatly appreciate. Really interesting for me is to understand that although we have the best balance sheet by far across the country, often we trade back of a province like Ontario, which is kind of wild. They're the most indebted subsovereign in the world.

But because Alberta would come to the markets kind of an ad hoc way – we would borrow when we needed to; then we would have some good years; we wouldn't be in the market at all for a few years – they would really punish us on the rates that we pay. So we're trying to, you know, do this prudently and get a better deal while we're borrowing. I think that the debt-servicing number is $2.9 billion for this year, if memory serves. But, yeah, a combination of cash surplus that we weren't expecting in Budget 2024 and that the fiscal year we're still in improved dramatically: that meant not only will we be able to retire some debt at the end of this fiscal year, but also just the debt avoidance we were able to come into is huge.

I would also just say that it's super important for Albertans to understand that if you're going to save in the heritage fund, it's very important for us to really be thinking about our net financial position. Debt is obviously still very important and something we're going to have to monitor and make sure we balance while we save. I think in the outlook our net debt to GDP does increase, but I wouldn't say dramatically. It goes from about 7.3 per cent to 9.3 per cent, still below 10 per cent, the only province in the country that's even close to that. For example, B.C. I think is going from 20 per cent or 22 per cent to 34 per cent during the time of their outlook. We're trying to do all the things: fund a growing province, save for the future, and manage our debt load.

4:30

Mrs. Johnson: Thank you, Mr. Chair, and through you to the minister. We'll go on. In line 10 of the government estimates, page 242, the budget for communications and public engagement remains essentially flat with a slight increase. Through you, chair, to the minister: can you or your officials tell us about initiatives that CPE has undertaken such as Alberta Is Calling, the signing bonus that was slated for this year, or programs that we may see in the 2025-26 reporting period?

Mr. Horner: Yeah. Well, happy to answer. CPE provides full-service communications, engagement, and marketing support for all of government. This includes media relations, ministry communications, public engagement, and providing Albertans with information through the development and management of the alberta.ca website and YourAlberta social media channels. As you point out, CPE'S budget has remained flat for the past five years and is mainly salary driven with the budget for things like advertising generally paid for by other ministries.

CPE is involved in everything the government does from working on news releases to setting up events to the government's web presence to the Premier's correspondence unit. A few examples: Scrap the Cap campaign to promote the importance of Alberta's energy industry to jobs and affordability around the country; an advertising campaign to promote the skilled trades as a rewarding career opportunity; increased advertising investments to reduce wildfires and provide information to support public safety; advertising that provided Albertans, hopefully, a better understanding and information on electricity options to help them reduce their power costs. CPE also ran important targeted campaigns to increase awareness of spousal abuse support lines and mental health supports during the winter holidays. In total CPE ran 40 ad campaigns last year and anticipates a similar volume for the upcoming year. So, yeah, although their budget remains flat, they're getting the job done.

Mrs. Johnson: Thank you, Mr. Chair, through you to the minister for that answer. I think we have time for one quick question to finish off with. Line 7.2 of government estimates, page 242, shows the budget for Automobile Insurance Rate Board, and we've talked about this a little bit so far, is remaining flat this year. The GOA is introducing a care-first insurance model that will lead to better, faster, and cheaper auto insurance for drivers across Alberta while ensuring it remains privately delivered. Through you, chair, to the minister: what sort of work does the AIRB do to support Albertans, and will the workload of AIRB increase once our care-first insurance is delivering cheaper insurance for Albertans in the future?

Mr. Horner: Yeah. Thank you. First and foremost, AIRB regulates insurance rates proposed by insurance companies to ensure that they are justified and not excessive. Rate filings go through extensive review, including on how proposed changes impact customers. The AIRB protects consumer interests by preventing unfair pricing practices and monitoring the actions of the industry. It works in partnership with the superintendent of insurance's staff to ensure fairness for Albertans. The AIRB supports Albertans by providing education and advice on purchasing auto insurance. For example, the AIRB created a new website, www.airbfordrivers.ca, that guides Albertans through the insurance purchasing process. Online tools are available such as rate comparisons, average premium by postal code, and a calculator to determine your grid rate or price ceiling for basic coverage. The board's consumer representative surveys Albertans each year and prepares a report as part of the annual review. This report . . .

The Chair: Thank you very much. We'll maybe come back to that.

Member McDougall, if you could introduce yourself for the record.

Mr. McDougall: Yes. Myles McDougall, MLA for Calgary-Fish Creek.

The Chair: Okay.

Member Kayande, go ahead. You have 10 minutes.

Member Kayande: Thank you, Mr. Chair. Moving on to AIMCo. AIMCo recently let go employees in New York and Singapore. What was the severance payment for those severances?

Mr. Horner: I think we'd have to look at a line item on their public accounts for overall severance. I don't know if you'd like an AIMCo representative to come to the mic. I certainly don't have that here.

Member Kayande: Actually, I wouldn't mind because I've got a couple more AIMCo questions. If you're okay with that.

Mr. Horner: Sure. Paul?

Mr. Langill: Okay. Good afternoon. My name is Paul Langill, chief financial officer of AIMCo.

Member Kayande: Pleasure to meet you, Paul. Do you have a sense of what the severance payments were in aggregate for New York and Singapore terminations?

Mr. Langill: Not right now. I think they're still working through that, but we should have that probably within a month or so. They'll be included in our year-end accounts.

Member Kayande: Perfect. Thank you.

You also have to close the One Vanderbilt square office. What's the lease termination payments for those? Are there any terminations? Are we holding it? Like, what's the plan for that office?

Mr. Langill: Well, the plan for the office right now is to sublease it. We have contacted a broker as well as the owner of the building, and we do have some interest in the building. We want to avoid obviously paying any termination costs. We do have a right in our lease to terminate the lease, I think, in a year for about a million dollars, but we want to avoid that by subletting the property as soon as possible.

Member Kayande: Okay. So nothing has really been booked yet as far as a loss on sublease or anything like that. Do you anticipate a loss or a gain on the sublease?

Mr. Langill: What I'm hearing is probably around what we're leasing today, so pretty close, but we've got to look at finalizing any provision required for our accounts at the end of the month. We're working through that right now.

Member Kayande: Okay. Excellent. Thank you.

Finally, these costs: are they borne by taxpayers or by pensioners, like the . . .

Mr. Langill: No. All of our costs are recovered, you know, through our clients, pensioners.

Mr. Horner: And us through the heritage fund.

Member Kayande: Yeah. And us through the heritage fund as one of those clients.

So if some of your pension clients are looking at kind of – you know, there have been a few changes at AIMCo. Have you had them come back to you and say, "Hey, we need to take a look at moving our pension funds elsewhere"? Like, is there any risk around that, or is it legislated? How does that work?

Mr. Langill: Do you want to take that?

Mr. Horner: Sure. Sure. Thanks, Paul.

Member Kayande: Thank you very much.

Mr. Horner: Yeah. Thank you.

Well, I'd say that the conversations that we've had have been resoundingly positive. I don't know if you want to comment, Deputy Minister White. They appreciate the intent, and I haven't heard, you know, concern in that way. But, yes, they're legislated to be managed by AIMCo.

Member Kayande: Okay. Thank you.

Oh, I'm sorry. I have another, like, detailed, in-the-weeds AIMCo question about third-party management fees, roughly $300 million I think every year in third-party management. How do you assess whether we're actually paying for above average returns or whether we're paying for luck? I know that that is a very, very difficult question to answer, but it is also a delicious – it is a massive pot of money.

Mr. Langill: Yeah. I would say that the portfolio managers are really accountable to oversee their portfolios, including anything that's managed by third parties. They would actually engage or contract with third parties. They all have really explicit performance hurdles in their contract, so if they exceed those hurdles, then they get a performance bonus. You know, performance costs. As far as, you know, ensuring that we actually get value for money, that's part of the portfolio manager's job. They continually monitor the performance of these asset managers and do all the right due diligence, obviously at the outset as well before onboarding an external asset manager and then having provisions within the contract to ensure that they get paid when they perform. I think that's really, really important to have those hurdles in the contracts.

Member Kayande: But they could be performing simply by, you know, taking more risk, right? So when markets are going up, they look like they're doing great; when markets go down, that's when you notice. That's the Warren Buffet quote, that when the tide goes out, you see who's swimming naked. Is there any way that – you know, how do you manage that proactively?

Mr. Langill: Well, I think that's established in what their performance hurdles are and how much risk appetite they have to manage within. That's part of the due diligence process, is how much risk they are actually taking.

4:40

Member Kayande: I mean, we are in the midst of a procurement scandal in a different ministry. How comfortable are you that these procurement efforts are completely above board and based solely on the relative merits of various different options?

Mr. Langill: No, I'm comfortable. You mean talking about how we engage third-party asset managers?

Member Kayande: Yeah, how you engage.

Mr. Langill: Yes. A lot of those contracts that we would have are industry standard. That's right.

Member Kayande: Okay. And expensive dinners in New York?

Mr. Langill: Not me.

Member Kayande: Okay. Rangers tickets? No.

Mr. Horner: I would just add that, Samir, you know, in the contact I've had with the new board, they're very focused on your exact question around alpha.

Member Kayande: Okay.

Mr. Horner: Is this true performance, or is it just taking more risk? I know that's something that they're concerned with.

Member Kayande: Okay. Excellent.

Another question about just the capital expenditure for AIMCo refresh. Again, I understand these trading systems are very expensive. It looks as though we're coming to the end of that. Is that correct? Or is there some, like, re-allocation that needs to happen where funds are pushed out, or if there's, like, change orders or that sort of thing?

Mr. Langill: This is our business transformation program. That program we expect to go live at the end of this year. There is no capital spend. All that spend is through an operating line because it's not – it's software as a service. It's in cloud technology, so it's all expensed.

Member Kayande: Okay. Thank you very much. I really appreciate that.

Stepping back to the heritage fund for a minute. When we think about the return expectations that you've set, 9 per cent average for the next 25 years, 10 and a half per cent if we say, you know, starting three years from now. What are the benchmarks that you're looking at as far as other sovereign wealth funds go, and, you know, what kind of volatility are we going to be expecting by reaching for those sorts of yields?

Mr. Horner: It's a good question, but I'm afraid that that's going to be the board's job to determine. I know it's early days, but those are some of the things they'll have to pin down.

Member Kayande: But the board will be given a mandate to earn this, you know, get to $250 billion, right?

Mr. Horner: Correct.

Member Kayande: So could it be feasible that they come back and say: Hey, look, no one's managed 9 per cent a year for 25 years?

Mr. Horner: Certainly not in the conversations that I've had. To be frank, I think they think it's very achievable and conservative.

Member Kayande: Okay. The Heritage Fund Opportunities Corp, then. That's being moved out of the heritage fund. I mean, I remember speaking with Dr. Puffer in committee about this last year, where she emphasized again and again that the heritage fund is managed as an endowment and is not managed as a pension fund. So why does the need to create a separate operations corp with a separate now $10 million a year line item – like, what's the necessity of that when the heritage fund could simply be operated in that way and seems as though it's going to be operated in that way?

Mr. Horner: I think we're looking for professional management. I'd say that if it's being invested, you know, like – I believe you said like an endowment, not like a pension. I think you could say that those things are invested in a similar way in a lot of ways, right? You still have, you know, retained – there's retained income coming out. You have disbursements. So that change is huge.

Just so we're clear – I forget how you phrased that . . .

The Chair: Maybe we can come back to that.

Mr. Horner: I'll come back to that. I was just going to talk about the corporation being separate.

The Chair: Just so everyone knows, we'll take a five-minute break at the end of this 10-minute slot.

Member Hunter, you have 10 minutes.

Mr. Hunter: Thank you, Mr. Chair. Through you to the minister, thank you very much for your team and what you guys do. On page 182 of the ministry business plan, under key objective 2.3, we see that the Ministry of Treasury Board and Finance is working with the Financial Services Concierge and Invest Alberta to help guide financial service companies and innovators through Alberta's legislative and regulatory framework. I know that when I was red tape reduction minister, we thought that was an extremely important part to have within each ministry so that there is that concierge service. I know that down in the States when a company or an organization wants to do something, usually they have that concierge service to be able to help them, shepherd them through. Can you help give us some understanding about how this will help for, you know, circumnavigating through sometimes very difficult regulatory regimes in Alberta?

Mr. Horner: Yeah. I just was going to start and say that I know I've worked with you in the past, and we've tried to use, you know, all of the tools available, whether that was in agriculture or the like, to ensure that any potential opportunity was fully assessed and they are well aware of what Alberta has to offer, right down to working with the municipalities on dashboards and the like to know what land is available, what land is by a rail spur, or how much water do you need for a pea processing plant. I know we've worked through that.

Our role is a little different in Finance. The Financial Services Concierge assists both new and existing financial services and fintech companies in their efforts to establish or expand operations or products and services in Alberta. The concierge saves time and resources for financial institutions by providing them timely information needed to operate within Alberta's financial sector. The concierge helps financial services companies better understand Alberta's regulatory environment, making it easier for them to set up shop and create jobs. The Financial Services Concierge has had discussions with over 40 entities since its inception. The entities include digital asset custodians and trading platforms, payday lenders, money service businesses, credit unions, trust companies, and investment marketplaces. The Financial Services Concierge will continue into ’25-26. There are no additional costs associated with operating the Financial Services Concierge as all costs are absorbed by current budget allocations. A little niche part but part of the whole offerings of government to try to land investment.

Mr. Hunter: All right. Is Alberta considered as one of the forefront among the provinces when it comes to fintech?

Mr. Horner: Yeah. The concierge, it helps financial service companies better understand Alberta’s regulatory environment, like I said, making it easier to set up shop and create jobs. This supports the perception that Alberta is open for business, for sure. The concierge works with the Alberta Securities Commission and their financial innovation hub committee. This committee works with the Canadian Securities Administrators on this co-operative initiative to support fintech businesses looking to offer innovative products, services, and applications across Canada. Yeah. I’d definitely say they’re leaders across the country, and I think the results speak for themselves.

Mr. Hunter: All right. Thank you, Minister.

On page 182 of the ministry’s business plan under key objective 2.4 we see that the ministry is working hard to ensure Alberta’s insurance market is stable, accessible, and affordable going into the ’25-26 years while balancing the need to ensure this market is sustainable in the long term. Minister, through the chair to you, I see the supervisory framework for captive insurance companies was updated October 11, 2024. How will this change in framework benefit Albertans going into the ’25-26 year?

Mr. Horner: The supervisory framework was first adopted by the superintendent of insurance in 2013. It documents the structured approach used by the superintendent to supervise a variety of Alberta-based insurance entities. Initially it included provincial insurers like AMA insurance and Peace Hills Insurance and reciprocal insurance exchanges like Alberta’s real estate insurance exchange. With the adoption of captive insurance company legislation in 2022 the superintendent began work to update the framework to include captives.

4:50

The updated framework was published in October of ’24. By establishing clear regulatory standards to ensure captives remain financially sound and operate safely, the framework enhances public confidence in Alberta’s insurance market and strengthens trust in the province’s broader financial system. Additionally, the framework offers transparency to prospective captive owners about regulatory expectations, helping them make informed decisions about establishing captives in Alberta, ultimately supporting economic growth, job creation, and the inflow of capital to the province.

As of January 31, 2025, Alberta has welcomed 29 captive insurance companies and looks forward to welcoming many more. Global captive insurance managers have expressed keen interest in Alberta’s captive insurance possibilities. Of the 29 captives, seven operate in the service industry, six in real estate, five in transportation, five in manufacturing, three in hospitality, and one each in agriculture, construction, and energy. In the 12 months ending February ’24, we have added 12 captive insurance companies. So you can see it’s really ramping up.

Mr. Hunter: Sounds great, Minister. Thank you.

Now, on page 245 of the estimates document under line item 4, motor vehicle accident claims, I see that the funding for this item will be increasing by $4 million over the ’25-26 reporting period when compared to the last year. Minister, through the chair to you: can you please explain to this committee how this additional $4 million will be allocated?

Mr. Horner: Sure. We did kind of go through this with an opposition question. In the motor vehicle accident claims program we’re seeing an increase in the number of applicants entering the program along with a higher average medical claims cost, so volume plus higher claims, resulting in higher injury claims expense. Most of the $4 million will help address this estimated increase.

Mr. Hunter: Okay. Thank you.

Also, Minister, through the chair, the forecast for this reporting period saw the expense for this item go up to about $46 million overall, meaning the budget for ’25-26 is actually under the forecast of this year. Does the minister believe $43 million is adequate to support motor vehicle claims going to ’25-26?

Mr. Horner: Well, we will monitor it closely, but there are a lot of variants. The largest portion of the expense for the motor vehicle accident claims program reflects dollars paid to claimants. This amount varies depending on the number of claims and the dollar value of the claims closed. We do monitor the program closely, and given current information we believe that $43 million will be adequate to support this program in this fiscal year.

Mr. Hunter: All right. Thank you, Minister.

Now, on page 249 of the government estimates under the item labelled Net Income from Commercial Operations we see that the Ministry of Treasury Board and Finance is expecting to see $2.13 million more than their forecast from this reporting period and $18 million more than was budgeted for ’24-25. Minister, through the chair to you: can you please explain this significant jump from our current reporting period and give some insight into how this $2.13 million will be reinvested going forward?

Mr. Horner: Yeah. Thank you. The $2.13 million that you noted is part of the general revenue fund. Those increases would be available to support, you know, any of the needs of Albertans in Budget ’25. The changes are incremental increases from captive insurance and trust company registrations and loan and trust company and pensions annual fees.

ATB Financial is a government business enterprise, and their net income is affected by many factors, including general economic conditions. ATB’s net income can fluctuate significantly with changing economic conditions. ATB’s net income is retained by ATB. It does not go into the general revenue fund. ATB reinvests their retained earnings back into the community through additional loans. I believe they’re projecting substantial loan growth out to 2030. We just had to increase their borrowing limit from $9 billion to $11 billion, and that’s built on loan growth.

Mr. Hunter: All right. Thank you, Minister.

The Chair: Thank you very much.

We will now take a five-minute break, so back at 4:59. Thank you.

[The committee adjourned from 4:55 p.m. to 5 p.m.]

The Chair: Okay, everyone. If I could get you to take your seats, we will carry on for the balance of the meeting. We are on the opposition side. Who do we have next here? Member Calahoo Stonehouse, go ahead.

Member Calahoo Stonehouse: [Remarks in Cree] Thank you, Mr. Speaker, and thank you to everyone here today for your work in what we are discussing. I want to remind everyone that Alberta is a signatory to the United Nations declaration on the rights of Indigenous peoples. This declaration provides a framework for reconciliation, healing, and peace as well as harmonious and co-operative relations based in the principles of justice, democracy, respect for human rights, nondiscrimination, and good faith. Included with the budget documents in the government's strategic plan, the budget is a reflection of the government's priorities and commitment to Albertans. As such, the process of developing the budget and the budget documents themselves should reflect the government's ongoing commitment to the truth and reconciliation.

This foundation of the budgeting process is reflected on page 27 of the strategic plan, priority 2, objective 6: "Forming lasting and meaningful partnerships with First Nations, Métis, and Inuit communities." This section mentions many items from the Ministry of Indigenous Relations but also items that perhaps span across other ministries, including access to education and health care. My question to the minister, through you, Mr. Chair, is: how is reconciliation built into the budget discussions? Are there directives for all ministries to consider reconciliation as they bring forward their budget requests and business plans?

Mr. Horner: Well, we don't give directives to specific ministries. Usually the information is flowing the other way. They're coming to us with, you know, their budget requirements and requests, which are many. But I do know, in working closely with the Minister of Indigenous Relations, those conversations are had, but it isn't something that we direct from Treasury Board and Finance.

Member Calahoo Stonehouse: Thank you for that. As you mentioned earlier, the Alberta government put in the equity policy in 2017, and there is Indigenous protocol training. Is this correct, through the chair?

Mr. Horner: Within PSC? Correct. Yeah. I believe it was 2017.

Member Calahoo Stonehouse: Excellent. But you also mentioned that this receives no funding. Is that correct?

Mr. Horner: Correct.

Member Calahoo Stonehouse: I'm curious: how do folks access programming and how do they take training if it is not mandatory and not funded?

Mr. Horner: It's absorbed from within their budget, so it's not like it's free, but they're paying for it out of their existing budget. But I can ask Heather from PSC to join us at the mic if you'd like.

Ms Caltagirone: Thank you. Thank you for the question. I'm Heather Caltagirone, the deputy minister and public service commissioner with the Public Service Commission. To answer the question around funding, a lot of the courses that have been developed have been developed so that the model for funding is complete. They're already existing. They're available online to employees on demand, and many of them also are delivered in-house. So, to minister's point, it's not necessarily about additional funding that's required to maintain those courses. Thank you.

Member Calahoo Stonehouse: Great. Thank you.

Through the chair: Minister, the budget considers economic development and allocates funding to economic development initiatives with Indigenous peoples. However, on page 129 of government estimates, we see the budget for the Alberta Indigenous Opportunities Corporation is being cut in half, from $4 million to $2 million. As our Indigenous communities are among the fastest growing but have lower family incomes and lower access to employment, should the government be cutting these funds in half?

Mr. Horner: I look at it a different way. All along the hope was that AIOC would be able to stand on its own and be, you know, self-sufficient. That's what's happening. They're going to be able to be true stand-alone. We just increased their borrowing limit not long ago. Yeah. They're being very successful, but the goal was never to have that as an ongoing line item. There was going to be something that they were going to be able to handle in-house, and it's happening sooner than we thought.

Member Calahoo Stonehouse: Okay. What is the proof that it is standing on its own?

Mr. Horner: That they don't require a line item for administration and operations, that they're able to fund from within.

Member Calahoo Stonehouse: Thank you.

We see that you mentioned earlier that $1.8 million is going to Mental Health and Addiction procurement.

Mr. Horner: Sorry to interrupt. Not procurement. That's the whole budget.

Member Calahoo Stonehouse: You're right. Correct; $1.8 million into Mental Health and Addiction.

My question is around procurement of these dollars, considering we're in the middle of a procurement scandal. How can we be sure that Indigenous nations and communities have access to these $1.8 million mental health dollars that are allocated often to facilities in their nations?

Mr. Horner: Yeah. I think that's a question better served to the Minister of Mental Health and Addiction. I know it's something that they're, you know, cognizant of. That's part of their mandate.

Member Calahoo Stonehouse: Okay. Thank you.

Does the government consider reconciliation call to action 92, dealing with business reconciliation? Does the government commit to meaningful consultation, building respectful relationships, and obtaining the free, prior, and informed consent of Indigenous peoples before proceeding with any economic development projects?

Mr. Horner: We'll definitely be following our current policy, but I don't know if I have much more to add. Yeah. We'll continue to follow the current policy.

Member Calahoo Stonehouse: I will remind the minister that we recently saw a businessperson announce an agreement with the government of Alberta on an AI data centre in northwestern Alberta, surprising First Nations in the area who had not heard of the project and/or been consulted.

My question, through the chair is: does the government ensure that Indigenous people have equitable access to jobs, training, and education opportunities in the corporate sector and that Indigenous communities gain long-term, sustainable benefits from economic development projects that are proposed in their area?

Mr. Horner: Well, no data centres have been finalized and approved that I'm aware of. I would ask the question of the Minister of Indigenous Relations. I'm afraid I can't give you much more.

Member Calahoo Stonehouse: Thank you.

I'm curious as to how the ministry ensures that all of our ministries provide education for management and staff on the history of Indigenous peoples, including the history of the legacy of the Indian residential schools; the United Nations declaration on the rights of Indigenous peoples; treaties 6, 7, and 8; the Métis communities; Indigenous law; and Aboriginal-Crown relations.

Is funding for this, requiring skill-based training in intercultural competency, cultural resolution, human rights, and anti-racism, included on any line in the budget this far?

Mr. Horner: I might ask Heather to come to the mic, if you don't mind.

Ms Caltagirone: Hi, again. Heather Caltagirone. In terms of training and learning and development for Alberta public service employees, we do have training that speaks to respect in the workplace, and it covers a variety of topics related to that. Right now we've got about an 82 per cent compliance rate across the APS for training that looks at really making sure that employees understand and value differences. Hopefully, that answers your question.

Member Calahoo Stonehouse: I would just like to further that question. How are you evaluating that your program is working?

Ms Caltagirone: Our statistics are measuring two things. One is the amount of employees that do actually complete the training and then we do look at, you know, once that training is completed, are we noticing any changes to investigations or complaints that come forward in that regard?

Member Calahoo Stonehouse: Thank you.

Mr. Chair, around the world we have seen countries and subnational jurisdictions adopt wellness indicators that look beyond the GDP. In many cases these indicators can be such as health, wellness, and/or joy. Has the government developed outcome measures for this budget? Were Indigenous peoples consulted on any outcomes outside of the GDP?

Mr. Horner: As Kate said, this whole book is full of outcome measures other than GDP. It obviously varies ministry to ministry. I don't know if I have much more I can give you from this chair but hundreds of them.

5:10

Member Calahoo Stonehouse: Were Indigenous peoples consulted on any of them?

Mr. Horner: I'd have to follow up with the Minister of Indigenous Relations.

Member Calahoo Stonehouse: Okay.

Could I encourage you to follow up with all your ministries?

Mr. Horner: Encouragement sent.

Member Calahoo Stonehouse: Thank you. I appreciate that.

Lastly, for me, again, I want to go back to the procurement decisions on Indigenous lands and the projects that are directly impacting Indigenous peoples. Does the government give consideration to Indigenous-owned companies or skill development and employment opportunities to Indigenous peoples? If so, how are we measuring this and who is tracking?

Mr. Horner: The policies are in the Ministry of Indigenous Relations and they do exist and we do follow them, but I'm not the minister responsible for them.

Member Calahoo Stonehouse: Excellent. Thank you for your responses.

The Chair: Thank you very much.

We'll go now to the government side. Member McDougall, you have 10 minutes.

Mr. McDougall: Thank you very much, Chair. On page 246 of the government estimates I can see under loans and advances that the Alberta Petroleum Marketing Commission will receive an additional $550 million in loans and advances over the 2025-26 reporting period in comparison to last year's estimates.

Petroleum plays a huge role in Alberta's economy, and particularly the idea that Alberta is going to take a greater share of its royalties in actual petroleum is something that I support. It's good to see that Treasury Board and Finance is standing by Alberta's priorities. Can the minister explain this increase in loans and advances towards the APMC over the next reporting period?

Mr. Horner: Yeah. Thank you for the question. A lot of it is to do with the Sturgeon refinery. APMC is a 50-50 partner in the North West Redwater Partnership with Canadian Natural Resources. NWRP operates the Sturgeon refinery, holds the external debt financing incurred for the initial capital construction costs, and manages the processing agreement that establishes the toll payer arrangement.

Under the processing agreement with NWRP, APMC is a 75 per cent toll payer, meaning APMC is responsible for 75 per cent of the cash flow for the Sturgeon refinery, including any cash flow deficits. CNRL is responsible for the remaining 25 per cent of toll payer funding obligations. The province will increase the borrowing limit to APMC to allow APMC to meet their financial obligations under the processing agreement. While APMC could legally borrow from other sources, borrowing from government is the lowest cost financing alternative for both parties.

Mr. McDougall: Thank you.

I'll change pace here. On page 181 of the ministry business plan I bring to attention performance measure 1(e), which is the market value of the Alberta heritage trust fund, which we've talked about a little bit already today, the market value since 2019. The performance measure speaks for itself, showing Alberta's heritage trust fund is increasing steadily year after year, reaching $24.3 billion at the end of the second fiscal quarter.

To the minister, through the chair, what is being done to ensure the heritage savings trust fund increases year over year so we can reach the $250 billion by 2050?

Mr. Horner: Well, thank you for the question. I know we've discussed this a little today. Within Budget 2024, you know, we signalled a renewed commitment by government to the Alberta heritage savings trust fund's original principles, which prioritize sustainable growth and prudent stewardship of nonrenewable resource income for future generations. This aligns with Alberta's fiscal framework introduced in Budget '23, which mandates allocating a portion of surplus cash to savings.

Recent reforms and measures taken to build and further strengthen the fund would include – and this is the most important piece in my mind – the income retention. Amended legislation allows for 100 per cent of the heritage fund's net earnings to be reinvested within the fund, which protects the heritage fund against inflation and allows all income to be compounded. Retaining investment earnings in the heritage fund fuels and sustains its growth over an extended period of time.

Around new investment the government is depositing an additional $2 billion into the heritage fund in fiscal year ’24-25. That represents the single largest deposit, if you will, to the fund in decades. Budget ’25 did announce an additional $1 billion of surplus cash to be allocated to the heritage fund in 2025. That’s surplus cash from the fiscal year ’24-25 that will be added.

Around revitalized growth the government is committed to grow the fund to $250 billion or more by 2050, as described in the road map, which was publicly released. You were there, MLA McDougall, January 29, 2025. A revitalized investment strategy will prioritize long-term asset growth using a prudent governance approach, which over time will enhance Alberta’s fiscal resilience against fluctuations or declines in nonrenewable resource revenues while ensuring provincial prosperity for years to come.

I should also mention the creation of the Heritage Fund Opportunities Corporation. This independent provincial corporation will operate at arm’s length from government with a governance framework centred on transparency, accountability, and sound financial stewardship. HFOC’s mandate is to maximize long-term returns on a portion of heritage fund assets using an efficient made-in-Alberta investment model to strengthen asset diversification, encourage capital appreciation, and prudently monitor and manage investment risks. Investments will align with Alberta’s broader economic goals and identity, fostering growth in sectors beyond traditional oil and natural gas to help mitigate risks associated with nonrenewable resource revenue volatility. Government actions and investment performance have increased the heritage fund’s value to $25 billion in the latest fiscal quarter of ’24-25, which is obviously the largest amount in the fund’s history. The heritage fund has grown by $7.2 billion since 2021, which I think is remarkable and amazing for Alberta’s future.

Mr. McDougall: It’s certainly good news. You’ll recall at that announcement in July of last year I made mention of the fact that I was a staffer in the treasurer’s office at the time when the decision was made to stop keeping the income within the heritage trust fund. That was a result in part because some of the economic dislocation that took place throughout the 1980s, the royalty prices, national energy program, et cetera, that accumulated and caused issues for the finances of the province.

To the minister through the chair: with the looming threat of tariffs in the United States and all that economic dislocation that may cause, do you see any way that this is going to hinder the efforts of the heritage savings trust fund going into ’25-26?

Mr. Horner: Well, it definitely will provide challenges but also, I’m sure, amazing opportunities as things, you know, change on a geopolitical level. The rollout of announced U.S. tariffs is a developing situation. Could have changed while we are in the room just now. We don’t know. There continues to be a lot of unknowns with respect to the scope, the implementation, the term, and the financial impact around U.S. tariffs and the resulting trade and tariff responses of regions and countries such as Alberta, Canada, and how they will be impacted by recent tariff announcements.

With respect to the investments of the heritage savings trust fund, AIMCo will continue to monitor and assess potential long-term impacts of tariff actions. For the past number of weeks AIMCo has been defensively positioned at the total fund level with an underweight allocation to public equities. This underweight position in public equities reflects AIMCo’s concern for U.S. and global growth amid not only tariffs but given the announced cuts to U.S. federal government programs, the impact of U.S. immigration policies on labour supply, and likely business investment pullback from growing policy uncertainty. The heritage fund will continue to be managed by AIMCo with prudent asset allocations, appropriate diversification, and a long-term investment horizon. Despite recent tariff announcements the heritage fund will continue to grow over decades given a commitment by government to reinvest all future heritage fund earnings back into the fund with no planned withdrawals from the fund to ensure all income is retained and reinvested to capitalize on compounding returns. That’s the most important part. We’re very confident that this will work, but it will take a consistent commitment from the government of Alberta as the years go by.

5:20

Mr. McDougall: Thank you for that.

In the last minute I’ll try to make this quick, and I hope it didn’t come up earlier in this meeting. On performance indicator 1(c), Alberta’s tax advantage compared to other provinces, I see the Alberta advantage is still growing for individuals and businesses across the province. In ’25-26 you see the Alberta tax advantage is about $20.1 billion when compared to other provinces, which is an incredible figure. To the minister through the chair: could the minister please explain how you’re going to be able to continuously outperform other provinces when it comes to our tax advantage?

Mr. Horner: Alberta is committed to a low tax environment that lets Albertans, you know, keep more of their own dollars and also supports businesses to invest here and create jobs. In addition to no sales tax, Albertans also benefit from low personal income tax, low fuel taxes, payroll tax. On the business side, Alberta businesses benefit from the lowest corporate tax rate in the country, 30 per cent lower than the next.

The Chair: Thank you very much, Minister.

We’ll go to the opposition side. Member Ellingson, go ahead.

Mr. Ellingson: Yeah. Thank you, Chair. As we jump into this section, I think the minister has a prepped response to an earlier question.

Mr. Horner: Yes. Bear with me, Mr. Ellingson.

Mr. Ellingson: No problem. You didn’t know it was going to bounce to me.

Mr. Horner: We had some school questions, and then what was the other one?

Mr. Ellingson: Oh, now I’m going to have to pull up my morning notes.

Mr. Horner: Okay. There are two schools in Nolan Hill. One K to 9 school is included in P3.

Mr. Ellingson: Oh, yeah. It was the Catholic school that I was interested in, because that one was approved for construction two years ago. The information we have is that it’s a P3, and the Infrastructure minister had said, or his office had said, the P3 had not yet been negotiated.

Mr. Horner: Okay, so that is this one. One K to 9 school is included in P3 school bundle 5, which was approved for P3 construction in January 2025 by Treasury Board. This project was originally announced in Budget 2023. There are two schools in – yeah. Project status . . .

Mr. Ellingson: Sorry. Just with that January 2025 by Treasury Board, does that mean there is a P3 contract now and we can expect construction to begin?

Mr. Horner: Yes.

Mr. Ellingson: Cool. Thank you.

Mr. Horner: Yeah. A more precise completion date will be determined in more detail with the contractor after the agreement is signed. There's also a K to 4 school in Nolan Hill included in Budget '25 for design funds.

Mr. Ellingson: Yeah. There's one in Sherwood, there's one in Kincora, and there's one in Sage Hill.

Mr. Horner: Yeah. Design funds were approved in the 2025 budget for a 5 to 9 school in Nolan Hill, Sherwood area.

I think you also asked about how many P3 school projects there were.

Mr. Ellingson: Correct.

Mr. Horner: Completed, 45; recently awarded, six. That's what I have.

I thought he asked me something else, too.

Mr. Ellingson: Yes. The something else was . . .

Mr. Horner: And planned for future, 17, for a total of 68 on P3s.

Mr. Ellingson: I will say thank you for indulging me on constituent-specific questions, allowing me to slide that in so that I can get back to my constituents because – trust me – every single day I'm asked about schools.

I think the other question that I had was going back to the tobacco settlement. It's estimated that maybe it'll be $750 million coming this year. I think that's not in the budget because we don't really know yet, but maybe you can just tell me about how, when that money comes, we can be assured that it'll be allocated to the funds, how it is intended through the settlement and that it gets slotted into the appropriate lines.

Mr. Horner: I'm glad you brought this up because I told you a number that wasn't correct; $3.1 billion is what we're expecting to be Alberta's share. I said $4.1 billion.

Mr. Ellingson: Yeah.

Mr. Horner: But we still would expect, although it's an estimate, that the lump sum payment we would expect first would be around $750 million. Like I said, they're still figuring how to best report that and account for it. It'll go to general revenue, will be where it will go first, and then a decision will have to be made on what's done with it.

Mr. Ellingson: I'm sure there will probably be rules with the settlement, like directing how it would be used, I expect.

Mr. Horner: Potentially. I haven't been given that detail, but, you know, we spend far more than the settlement on health every year.

Mr. Ellingson: We do. We do. We can talk about that at a later date, maybe in the mid-year update, if we have a chance to chat about that. Thank you for responding to that. Thank you for doing the homework in between even though everybody's been working already 16-hour days for the last month and a half.

I want to jump back into some of the questions that we had around ATB that my colleague Member Haji had picked up on. The threat around ATB's mandate is a question that was also asked last year, and your response was that that mandate process was still kind of ongoing. I think, appreciating the benefits that ATB provides, I've got more questions around that. Is there any report or outcome around those mandate conversations? Do we see potentially any revised mandate for ATB, or will it be status quo?

Mr. Horner: Well, unfortunately, I'd ask you to be patient. The dividend took a lot of the bandwidth at that time, but those conversations do continue. It's something we're really in the middle of right now, but we'll have more to say later.

Mr. Ellingson: Thank you.

Just to continue. I find out that I'm a bit of a fan of ATB. We know ATB provides a number of services to businesses across the province. We talked about that. You know, as we think about their mandate, are we considering – I'll assume, but I'll let you answer – conversations with ATB about any challenges that are being faced in servicing businesses and whether or not there's any opportunity for, like, mandate changes to help them serve businesses?

Mr. Horner: Well, the conversations and the back and forth are obviously fluid. Usually I converse with the board chair. That's the way that those discussions happen. I know they do have, you know, concerns around uncertainty, like I'm sure every lending institution has currently, but nothing that's leading us down a prescriptive path about a mandate change per se. But there are challenges in the landscape, for sure.

Mr. Ellingson: Thank you for that. Through the chair, just some more kind of information or clarity. ATB serves about 800,000 Albertans, many in rural communities, most, probably, in rural communities. I'm wondering if the minister has any information that could be shared today about the number of ATB clients that might be served that have no other access or limited access to any other financial services or banking services in the community that they live in.

Mr. Horner: I don't have those specific numbers or data in front of me, but I can tell you anecdotally that as I drive to Edmonton four hours and come through a lot of these little communities, it's evident that ATB is the only game in town. That requires ATB to be very thoughtful, I would say. ATB was built because we needed to get capital out to the corners of the province. I know you all understand that. As technology changes and as the demographics of the province change, that will change for their business case, too. Although it isn't in their mandate specifically, I know in conversations with the board chair that they're very mindful of that, that there are many places where they may be the only lender in town. So it's front of mind for them when they make any decisions. But I don't have a specific number about, you know, potential impact without alternatives.

5:30

Mr. Ellingson: Okay. Yeah. I grew up in a town that did have other banking services, but ATB was a big deal in Valleyview. I had an ATB account when I was a teenager. Unfortunately, I am old enough that ATB couldn't provide student loans at that time, so I had to switch to another financial institution when I came to the city.

In this digital age – and this may be another anecdotal response – you know, many financial institutions are moving more and more of their services online, but there are many Albertans, including seniors, that need that in-person response, and many of them are in those rural communities served by ATB. Does the minister have a role of, like, influencing ATB to ensure that those in-person services remain for those Albertans that require them?

Mr. Horner: I don't know if I have, you know, a formal way of addressing that, but I guess in conversations with the board chair and with the board annually there's a lot of anecdotal back and forth about the importance of ATB in every corner. They're very mindful of the demographics they serve. Obviously, the senior population loves in person and foot traffic and may be slow adopters of what's available otherwise. I think they know that, and they do try to work to bring those things into their lives.

The Chair: Thank you.
Member Dyck, you have 10 minutes. Go ahead.

Mr. Dyck: Excellent. Thank you very much, Chair. I've got some questions here as per ushe. I've just got a question. We're facing quite a bit of population growth here in Alberta, Minister. In the fiscal plan we kind of mentioned it on page 7. We've seen, well, as you've said, unprecedented growth, but at the same time this also means more business and potentially more revenue for the province, too, as well. How are we preparing for more people to come to Alberta through the 2025-2026 reporting period?

Mr. Horner: Well, yeah. You're not wrong, MLA Dyck. You know, 4.4 per cent population growth in the last year is a crazy number. We are expecting that to come down to about 2 and a half or 2.6 in this year and then come down again to 1.4, I believe, in the next three or 1 and a half, 1.6 out to 2028. So still growing, but I think a lot of that will – we've grown so darn fast that I think that could be expected, right?

What are we doing to address it in Budget '25? I think you see the size of the capital plan. You know, we've made a commitment to bend, not break, and try to build schools as quickly as the labour force in the province will allow, because we think that's an area that's a fundamental priority for any government – we know we need the spaces – and continue to build the roads and bridges and the maintenance that Albertans expect.

I said in our first half of the session, you know, that the capital plan is large, and I know every MLA in this room, on both sides, has things, I'm sure, they'd like to see added to it, but we do have to be mindful. Not only is it increasing this year's deficit with its size, but we want to make sure that it's real in the sense that it's achievable. And the bigger the capital plan, the more reprofiling you'll have. I talk about B.C. a lot because they're just a little bit bigger than us, and I like watching where they're going. I think last year they reprofiled almost 26 per cent of their capital plan. We want to make sure that our stage gating, our policies within Treasury Board, working with Infrastructure – we want to make very sure that if that school in Court's riding is going in the budget, the site is serviced and it's absolutely ready to go. We don't want to see it delayed a year, kicked out into the future because what it's doing is that it's displacing something else that's needed. The plan is big. I support that, obviously, but it's something we have to be mindful of.

I think I'm confident that in Budget '25 we're building for this population growth truly as fast as we can. There'll always be debates about this or that. Schools have been a major priority; investments in health capital, also large; roads, bridges, municipal support, extremely large. I think we're answering the call as prudently as we can. I guess also just to say that, you know, that's one of the reasons we're in a deficit. We thought that it wouldn't be prudent to clamp down hard right now while this population growth is still the real deal and not starting to subside yet. Yeah. I think we're answering the call.

Mr. Dyck: Yeah. I appreciate that, Minister.

Still in the same interest in meeting the challenge here, still on the same page, inflation is a federal issue. The federal carbon tax is an issue. Now we're looking at potentially facing some pretty unjust tariffs from our southern neighbour. This is significant for the people of Alberta. This is extra money out of their pockets. It's a huge – huge – challenge and a huge hurdle. What can you do? What is your ministry doing to combat this inflation and make life easier for Albertans here across the province? I realize you don't necessarily have the financial tool of saying, "Hey, we're not going to stop printing money," so I'm not looking for that. What can you do in your ministry to combat inflation?

Mr. Horner: Well, I think our commitment to maintaining Alberta's position as a low tax jurisdiction. You know, we brought in the 8 per cent bracket change. In a perfect world I would have rather brought it in after population settled, but it seemed prudent to do it now with all the uncertainty with tariffs. It's a way to help 2 million Albertans combat uncertainty within their own household.

Government doesn't have the fiscal capacity to make people whole. You know, we don't create wealth; we just redistribute it. I think by showing prudence, following the fiscal rules, that's what maintains the advantage that Alberta has. No payroll tax, no sales tax: those are real things, and unless we manage that appropriately, at some point those things will go away. There are really only a couple of ways to do this. We're dealing with revenue. We're dealing with expense.

Another thing that's kind of interesting: when I was at our last in-person FPT, you know, we were joined by Tiff Macklem, and he made it very clear to the federal Finance minister and all the provincial Finance ministers that everybody is here complaining about inflation. The best thing you can do to help this is get your spending under control. You're not helping the problem; you're making it worse.

Even going back to the capital plan conversation, we want to build as much as we can as efficiently as we can, but at a certain point not only do you not get it built and it gets delayed, but you also drive up costs on the private sector and even yourself. I think by just, you know, approaching the problem as prudently as possible and making sure that you're contemplating all of those factors, that's how we can best help the problem for Alberta and the whole country.

Mr. Dyck: I appreciate that. Those are big conversations and big challenges that we face, so I appreciate you doing that.

I got time for, I think, one more question and maybe one more answer here. Jumping over to the fiscal plan, on page 120 I see that we're winding down the Alberta climate leadership adjustment rebate and the Alberta family employment tax credit. By wrapping up these two programs, how much will the Alberta government be saving overall by winding down? Then are there any other tax credits available to Albertans going into this fiscal year?

Mr. Horner: I'm sure someone is going to hand me a sheet with that answer, but the truth is that they were going to end anyways. They were sunsetting, and we sped up the sunset. People have had, you know, six years, I believe, to file these claims and haven't. We're bringing up the deadline early just as a cost-saving measure. We're looking for the nickels, like Court said.

5:40

Mr. Dyck: Fair.

And then – yeah – just what other tax credits are available here for Albertans going into 2025-2026? Is there anything else? I realize we have lowered taxes, but are there any other tax credits that we offer as a province?

Mr. Horner: We made some amendments to the credits that would complicate the tax cut itself to make sure that no Albertan was made worse off. Those changes were made to address the credit rate changing with the tax rate changing. Those things have been done.

When it comes to other credits – so this is kind of back to your first question around the ACLA rebate and the Alberta family employment tax credit being wound down. The administrative costs of these programs now make up an increasing portion of the total cost to government. Winding up these programs will eliminate ongoing costs, which would be around $2 million a year. Albertans continue to benefit from the Alberta child and family benefit, which provides direct financial assistance to lower and middle-income families with children under 18, helping them make ends meet and supporting a better quality of life.

The Chair: Okay. Thanks very much.

We'll go over to the opposition. Member Ellingson, go ahead.

Mr. Ellingson: Thank you, Mr. Chair. We agree on the use of the term "nickels." I think we still have work to do on, like, determining which are the best nickels to save.

Mr. Horner: Debate continues.

Mr. Ellingson: I have two questions that I'm – well, one question I'm going to ask I'm going to pick up from Member Kayande. You don't have to answer it right now, but I just wanted to put it back in the mix. Like, maybe it can come back at the beginning of the next section. Did you have a chance to look at the property tax increase for that woman in Altadore that owns the $900,000 property?

Mr. Horner: Two hundred and ninety-three dollars.

Mr. Ellingson: Two hundred and ninety-three dollars.

Mr. Horner: My guess was higher. I was wrong.

Mr. Ellingson: Okay, so over a third of her tax savings if she is still earning an income.

Okay. Now I want to ask – this is coming in from a colleague of mine in agriculture who has some more experience there than I do. There's a business risk management program in agriculture. I understand that it's a statutory payment. You talked earlier, Minister, about how when it comes to, like, helping Albertans through this tariff threat, what you're most concerned about are your statutory payments. If the business risk management program for farmers and agriculture is statutory, is it included or embedded in the budget? Are we considering that there might be more funds allocated to that program in a tariff situation?

Mr. Horner: We are, but it could be worse. I guess to give you a little background, it is statutory. It's a unique program. I was there when we signed the last one, actually, because I was the ag minister, but there's $250 billion worth of programming under the sustainable Canadian ag partnership. When you view something like crop insurance, you know, there's a federal portion, provincial portion, and then the farmers pay the rest. I think it's 36 per cent for the feds, 24 for the province, and 40 for the individual farmer. What that does is creates a premium pool. Where we're on the hook is if you have a year where it outweighs the premium pool, and we did have that not long ago, where the pool was completely depleted. That can change fairly quickly. Like, they actually lowered premiums not that many years ago, before I was the minister of agriculture, because they had almost $4 billion sitting in the premium pool. People were asking: is that too much?

Mr. Ellingson: And I think for the farmer it's voluntary participation, is it not? Like, farmers can opt in or opt out?

Mr. Horner: Oh, certainly. They're on the hook for 40 per cent of it, so we encourage it. There are farmers in certain regions that use it more than others, and that probably speaks to the history of trying to grow crops in different parts of the province. Yeah. It's an indemnity payment that if it gets bad enough, we're on the hook for it.

Mr. Ellingson: Yeah. Thank you for that.

Okay, now I'll switch back to some questions for ATB. My understanding is that the significance of the dividend payment is that that's cash in the bank literally counted that could, you know, accrue into the surplus cash at the end of the year, which could then be transferred into the heritage fund. But if there were any other agreements with ATB where at the end of the year they decided to, like, transfer any of their surplus income, would that also go to a cash surplus for the government?

Mr. Horner: Well, it would, but that doesn't happen. They keep their retained earnings and continue to grow. The dividend is the first of its kind in that way.

Mr. Ellingson: Let's hope that they're wildly successful and maybe the dividends go up from here on out.

There was an order in counsel recently signed by the government raising the loan limit for ATB to $11 billion. That's a substantial increase. Could you talk about that a little bit about what's driving that increase and maybe what it's used for?

Mr. Horner: Yeah. It's loan growth. There's corresponding deposits coming with that, but it's growth out to 2030. So they have a growth chart showing what they think their board requirements will be. I could have Dan come to the mic if you'd like, I'm sure.

Mr. Ellingson: That's okay. Five hours ago I thought I couldn't fill up six hours, but now I'm worried about running out of time. So I'll thank you for that. I think you've responded; it's that ATB is projecting that growth out to 2030, and that's what led to it. I think it was $8 billion in the past, and it's raised to $11 billion.

Mr. Horner: Nine billion to $11 billion, I believe.

Mr. Ellingson: Nine billion to $11 billion. I'll ask just one more question about ATB. My colleague from last year asked this question, and I'll just ask it again. Can you just state that there are no intentions today to privatize or sell ATB?

Mr. Horner: No intentions or conversations.

Mr. Ellingson: Thank you. Okay. Now I'll ask some questions on the Alberta pension plan, which I'm sure is the favourite topic of everybody here, which I noticed did pop up on the ministry business plan on page 182 in the list of initiatives. It does state continued consultations with Albertans and discussions with others to determine if an APP would be established. Now I'll tie back into the conversations from last year's estimates. Member Phillips had asked at that time – advertising money that was allocated in '23 was paused as we waited for information to come back from the actuary. I think it was paused all the way through '24, maybe '25. Is that money still kind of being held to, like, could come back for additional advertising on APP, or are those funds kind of extinguished?

Mr. Horner: There's nothing in Budget '25 regarding APP.

Mr. Ellingson: Okay. And no carry-forwards from previous budgets that could still be used to spend?

Mr. Horner: No.

Mr. Ellingson: Okay. Thank you for that.

Mr. Horner: Just for clarity we don't carry-forward operating in that way. So look at '25: clean slate.

Mr. Ellingson: There is no provision for carrying forward. You reach the end of the year, it expires. It would have to be fresh.

Mr. Horner: Yeah.

Mr. Ellingson: For any operating expense item.

Mr. Horner: Yeah.

Mr. Ellingson: Thanks for that clarity, too.

The government was waiting for a response from the Chief Actuary. The Chief Actuary did come back, but they didn't come back with a number. Rather, they came back with a: this is the approach that we think should be taken to come up with a number. So I'll ask about, like, what are the government's plans from here? Will you do that work in-house now, or will you contract a third party as you did previously with LifeWorks?

Mr. Horner: Good question. I'd say that what the actuary came back with was certainly not a number. It was maybe a vague approach that also wasn't what was in the legislation. It was what they gave back to the federal government. So it didn't give us anything that we could take back to Albertans and continue this conversation. I know there was some commentary that when you have an approach, you should be able to figure out the number. We can't. They didn't give us a concrete approach. They gave us a vague scenario and then said: and by the way, this doesn't align with the federal legislation.

5:50

Mr. Ellingson: So given that and given that it is in the business plan as an ongoing initiative, how will you carry that conversation forward with Albertans?

Mr. Horner: Well, I don't have a plan to carry it forward unless I have more information to bring back with it. That's what I told Albertans, that if we got something that we could come back with, we would continue the conversation. But until we hear more from the federal government – they're obviously very busy right now. We have a hard time getting communications back and forth on tariffs and other, you know, immediate issues. I think it would be premature to tell you what the next step is. I'm not bringing anything back to Albertans unless we have a concrete number.

Mr. Ellingson: So nothing in the foreseeable future; the federal government is busy. I think this probably also requires conversations with all of the other provinces as well. It kind of impacts all of them.

Mr. Horner: That's not in their legislation.

Mr. Ellingson: I'm wondering – if the chair will provide me with some flexibility here, I'll go out on a limb – if the Minister of Finance has an asset number in mind that he thinks might be palatable to go forward with.

Mr. Horner: No. And I wouldn't speculate.

Mr. Ellingson: Thank you.

I guess what I'll say is that I'm happy to hear that there are no plans at this time to move forward. I think that we've heard resoundingly: that this is something that Albertans are not interested in proceeding with.

We'll put that on hold.

The Chair: Thank you very much.

Our next question comes from Member Yao. You have 10 minutes. Go ahead.

Mr. Yao: Minister Horner, I'm looking for a little bit of leeway in my questions here.

Mr. Horner: Granted.

Mr. Yao: It's about the budget in general. Just, I guess, at the heart of it is that I'm wondering about your influence on all of our ministries. At great risk I'm going to ask some things that will probably offend some of our colleagues, but it is what it is. I'm a fiscal conservative. I can't say that enough. I really don't feel like we found enough savings in stuff.

As an example: driver truck training standards. We took on a standard for the mandatory entry level training that virtually no other province and the United States ultimately went with, and we were following the lead of others. I have a friend who was actually allocating the grants for people to get that training. She was telling me that 90 per cent of the people that took that training were leaving the province, and that is frustrating. Like, when they take our training, they take our loans, and then they go elsewhere: that's aggravating. And I understand that was in the millions of dollars.

Municipalities. In Fort McMurray we merged our municipality with all the surrounding communities and became a regional municipality, a specialized municipality. Strathcona county is another example of that. There are two fine examples of that. Plus Lac La Biche recently here in the last couple of years, if I understand correctly, merged their municipalities around them, again, to become a specialized municipality. Lac La Biche is the most recent example and, speaking to a councillor, they have demonstrated savings in an amazing way. They've told me they're more efficient. They have fewer managers, more front-line workers, and they've been able to keep their books a little bit more balanced.

In my role as the Northern Alberta Development Council chair I toured around northern Alberta, and I discovered a couple of communities that are really struggling. Their thought was if they could merge with the surrounding municipalities, but admittedly the surrounding municipalities don't necessarily want them because they don't want to break up their little empires, if you will. And that's frustrating because that is the ultimate in less government: having fewer municipalities or at least some more co-operation with them.

I could even extend that in the amount of government we have towards our desire to – well, not desire but based on our current numbers for how we allocate MLAs as provincial representatives. I understand that because of our population growth Elections Alberta is looking at increasing MLAs by a couple or four or something like that. In this day of telecommunications and the ability to really communicate with the masses, I question the need for us to even expand the numbers, when I wonder if we couldn't just change the number of people that we can represent and just leave it at that without expanding government.

Postsecondaries is another example. Again, I have a friend who works for the province who allocates the money for a lot of the grants for people to get support for postsecondary education. Then I talked to another group of people who are telling me that the education they get from a certain institution, most companies won't even accept them. My sister is a pharmacist, and she will not accept a student from a certain particular organization that teaches these pharmacy techs or whatever. I heard of other stories or other anecdotes from others who also won't accept from a certain institution.

I mean, I recognize that these aren't your wheelhouse, that these are questions for other ministries that I have to ask, but I'm just wondering how these ministries measure the success of the grants and the other allocations they put out there. With that, I guess my question is: how can you influence these ministries to identify and find these savings? I feel that there are savings to be had if we look hard enough. With future budgets I'm wondering: what influence do you have in asking these things?

Mr. Horner: Well, it's a good question or rant there, Tany. I do appreciate it. I sense, you know, the frustration.

It's incumbent on every minister to look at their historical budget. You know, a lot of what we see is the new asks. We're looking at – we want to see an increase in this program and they'll walk us through the favourable outcomes that they see as they see it or the need. But at any time I haven't met a ministry yet that doesn't say that they have more need and defensible things where money could go. Their first step is to look within their own budget and see if their priorities have changed, see if they need to reallocate those resources. If it's under say, $5 million, they can do it themselves. If not, they come to Treasury Board and explain what they'd like to do. But I think that the period that we're entering is going to lead to a lot of tough conversations with Albertans. It will be tough conversations for every representative in the Chamber about how we prove the path back to balance.

Any of the issues you mentioned – I know the MELT training. I know it well. I have a class 1 driver's license. You know, I went through that process back in the day. I've seen how it's affected young people that have tried to get a class 1 now. I was there when the minister said that we're going to do this because the U.S. was. They were kind of leading the charge, and we had signed on to it. You're not wrong; many didn't follow. Safety is obviously a main priority for us all the time, but I do know the minister has made some changes and I would expect he'll be looking to make more. Then, with any kind of grant you want to make sure that the policy is sound and that you're doing what you can to impact Albertans first and foremost. We do have freedom of mobility in the country. So, you know, people can pack up and leave if they want. Usually that isn't the issue here. It's them coming in droves.

Yeah, all of those things need to be looked at, but I think you're going to be in luck because there will be lots of conversations. Everyone will have to put on their conservative hawk hats as you said and look at the priorities for Alberta going forward. I view this deficit as kind of, you know, a watershed moment where we're all going to have to have some real conversations about how we move forward. Uncertainty is one thing. I don't think it's prudent to move too quickly. I know the chair and Member McDougall sat on that committee we ran last summer. A lot of people may have the feeling that governments are always bloated and there are places you can go that are easy, but in my estimation there's always: what's the bureaucrat line? Every 10 years you can find 5 per cent in waste, fraud, and abuse and start over. We did some heavy things in 2019, and we're beginning the process again now. I know Ms Caltagirone spoke to the size of the public service. By the metrics we can see, we're well situated with, you know, an efficient public service. But I guess my main point is that the decisions and conversations, I think, will get tougher from here on out.

6:00

Mr. Yao: Thank you for that.

Well, for your awareness I know there's going to be a brilliant report out on the north, and I know one of the recommendations is that we evaluate all the spending in that area. So considering that the area would be 50 per cent of the province in land mass but only address 10 per cent of the people of the province who actually live up there, I believe this would be a good recommendation in allowing the government to evaluate and assess all the spending that goes on in that enormous region but for very few people. It would provide some good learnings and lessons that could be applied to the rest of the province if that was accepted as a recommendation.

I think it's important that we do take a magnifying glass and really identify these things. I don't necessarily want to compare it to what's happening in the United States, but I think they have the right concept of a department of government efficiency. We have red tape reduction. I believe this branch could certainly work under there, as an example, but I think the mandate would be really good and provide some of those good recommendations that we could apply right across the government.

Mr. Horner: The process that we began last summer will continue.

I should have answered your municipality question. I'm sorry. I never got to that.

The Chair: All right. Member Ellingson, go ahead. You've got 10 minutes.

Mr. Ellingson: Thank you, Chair and to the minister. I have one more kind of, like, program set, and then on the next set I'm just going to go through rapid-fire whatever is left. I should have asked my colleague Nathan to ask these questions, but I'm going to slip a little bit into my role as Tech and Innovation from last year. I am interested in asking some more questions around the financial sector regulation and policy in the ministry's estimates. We've heard, with the threat of tariffs, about how internal trade across the country and interprovincial trade barriers are definitely a concern. I want to acknowledge that Alberta has already done the work to have lowered more of those barriers than any other province.

But I'd like to ask a little bit about, like: where do we think the opportunity is in financial services? We know that each province maintains its own securities commission and that those securities commissions do, like, work in the area of their provincial securities laws, regulations, registering participants, managers of investment funds, and such. Given our move towards, like, a free trade agreement – and I think we heard in the JET estimates that maybe there would be a new chapter in the Canadian free trade agreement to include financial services. Is this something where – would the minister's department around financial security regulation have a role to play in harmonizing financial securities? And where are we in the conversations around alignment, harmonization of financial regulations across the country?

Mr. Horner: No. Great question. You sound a lot like Stephen Harper there, Court. I've had this conversation with him, and he's led a lot of this initiative. Stan Magidson at ASC is also the chair of CSA. We don't have a national regulator – I think that's a good thing; all the provinces would agree – but harmonization is important. An endeavour that he's, you know, attempting to lead, that has fallen short for years, is to have a passport – they call it a passport system – where if your home-base regulator approves it, the other province will take it at face value and implement it that way.

Up till now Ontario has been the hurdle. A lot of these provinces: they're going in their scrum, and they're saying, "Oh, yeah, we're going to do all this," but then they're not. I'd say Ontario is the main hurdle in this regard, and I think a lot of it is because they have Bay Street. They have a lot of the companies, and I think they think it would somehow impact the perception that they're the one running the show in the country. But, yeah, Alberta is a leader in this regard, and we're trying to harmonize constantly. That's an initiative Quebec is also on board with.

Mr. Ellingson: I'll let you keep having those conversations with the Minister of Finance in Ontario. I'm sure it would come as no surprise to the opposite side of the aisle that most of my connections in the government of Ontario are environment and social services.

What kind of economic uplift do we think we would get? There are some numbers around, like, economic uplift overall if we reduced interprovincial trade barriers. On financial services specifically, if we were able to move to something like that harmonization passport, what kind of economic uplift do we think we would get from that alone?

Mr. Horner: We don't have that specific number, but what we do think is that the big advantage is for investment overall for the country. I don't have an Alberta-specific projection, but, you know, if you want to be able to say – like, right now the U.S. is saying that they have less regulatory burdens; come invest here. If we can say that – and I think they use the fact that we don't have a national regulator against us in some regards and say, "Well, I don't want to come there and deal with you all," even though it's largely harmonized through co-operation. I think the big uplift would just be towards investment across the country, of which Alberta always gets more than its fair share.

Mr. Ellingson: Yep. From my work at Calgary Economic Development I'll agree with you that we do get an outsized portion in financial services. Not the largest, but we're outsized.

A little bit about the regulatory sandbox. I think we had some questions earlier from the other side about supporting financial innovation in fintech with the key objectives on page 182 of the business plan. One, I'd like to ask a little bit more about – like, with that fintech, tell me about how, if we have any specific examples, that regulatory sandbox has worked to grow fintech companies or attract fintech investments.

Mr. Horner: Well, if you'll indulge me, this will be a better answer than I'll give if Chris Merriman would come to the mic.

Mr. Ellingson: I will indulge you.

Mr. Horner: Okay.

Mr. Merriman: I'm Chris Merriman, assistant deputy minister of financial sector regulation policy as well as the superintendent of financial institutions, with this hat that I'm wearing right now for this. Great question, Member. Appreciate that. When we started the financial services sandbox discussions, we thought we'd get a lot of uplift with it. Fortunately, we actually haven't had anybody come in yet, but we did it in conjunction with the Financial Services Concierge, which is, again, the entry point for new and innovative financial sector companies coming in. They could be in insurance. They could be in, you know, crypto-custodial trusts, things like that. It's very wide, as the minister – payment systems, those types of questions, too, payment services companies.

A lot of what's happening is they're coming to the province because they're really excited about the sandbox, and then when they get here, they realize: well, we don't need exemptions; Alberta is really good already. What we're seeing, then, is that the concierge has taken the work that we thought was going to come from the sandbox, but it really hasn't. All it's done has become a really good way to attract interest into the province as opposed to the actual use of having to provide exemptions, because that's what the sandbox allows. But we haven't actually had one to model after yet because everybody that's come here has said: oh, the existing legislation and regulations allow us to do what we want anyways. But that allows us then to have those discussions with those entities and be able to fit them in as we move forward.

Mr. Ellingson: Thank you for that. I am familiar with many of the fintech companies in Calgary and in Alberta. Like, there's no question that fintech is growing in Alberta. I certainly won't deny that and whether or not – I think this question could maybe go back to the minister or if Mr. Merriman wants to answer. I was curious earlier about, like, the work with the ASC in that kind of fintech-attraction work. I didn't hear a mention of Invest Alberta or Calgary Economic Development or Edmonton Economic Development, and I'm curious: is there collaboration with those economic development, investment attraction agencies together with your department to attract fintech?

6:10

Mr. Horner: Through the concierge more so than through my team specifically.

Can I just say one more thing? I know Chris answered the sandbox question well. One thing that we thought we'd have to use it for was the halal financing but didn't in the end, but we thought we would for a moment there.

Mr. Ellingson: Yeah. And I might ask about the halal financing. We know from other jurisdictions that there have been some hiccups in introducing potential halal financing and people not necessarily picking it up. Maybe you can share a little bit about – when the legislation came forward, you wanted it to be kind of, like, really broad-based and then let the financial institutions kind of figure it out. Have we learned anything, like taking lessons from other provinces where there were some regulations that came out but people aren't picking it up because they think it's financially not to their benefit to do so?

Mr. Horner: Well, it was a challenge because, in our view, it was mostly novel. There weren't a lot of provinces to follow for what we did as far as enabling this but, yeah, lots of conversations and consultation. But we were mindful and respectful of not wanting to, you know, upset anyone in the community either. So we tried to make sure it would work and continue to monitor the financial institutions that plan to offer it and make sure it's low cost as possible.

Mr. Ellingson: I'll certainly look forward to that continued work. In my last 10 seconds, constituency specific: about 14 per cent of the population of Calgary-Foothills is Muslim, so we're very interested in seeing this move forward.

The Chair: Thank you very much.

Next from the government side is Member Dyck. Go ahead.

Mr. Horner: Member Dyck, can I just answer MLA Yao's other question?

Mr. Dyck: I'll let you.

Mr. Horner: Okay. Just because you brought it up and I didn't answer it in my answer, just around municipalities. I've dealt with some of this because I think I represent more than anybody in the Legislature. Although the number is dropping fairly fast, we have a dissolution or two every year, it seems. The one thing that's clear in the MGA is that, you know, they will determine their outcome. I've been through a lot of these votes where the small communities have to decide: do they want to join the larger regional municipality usually? I have one that's going on right now. They're contentious, and generally they lead to good outcomes. But we want people to have self-determination in how that works, and that's how the legislation is written. Like you said, sometimes they don't want to, but if they do get to that point, the surrounding municipality doesn't have a choice.

There are tools that we use to help with that. A certain portion of their LGFF rolls forward. Usually these communities let their infrastructure go or, you know, have financial challenges, so it can lead to the municipality that's asked to take them on having some apprehensions about: am I going to have to raise taxes for the rest of my constituents to fix the problems of that community? So it's complicated, but there is a system within Municipal Affairs.

It's a good story, especially some of the municipalities that are doing it proactively. They're not doing it because one of them is in financial trouble. It's just that they see that there's, you know, a lot of collaboration that can happen, and they don't want to build dual infrastructure when it makes no sense. A lot of that's happening on the ground.

But right now self-determination is the policy in the MGA.

An Hon. Member: Thank you.

Mr. Horner: Sorry.

Mr. Dyck: Is it my turn now?

Mr. Horner: Yes.

Mr. Dyck: All right. I have a couple of questions about automobile insurance and just where we're going. I know we've talked quite a bit, Minister, about this, but I think there are a few things here that I would just love some more clarity on. Our care-first automobile insurance: we want to make sure it's accessible, affordable, and sustainable over the long term. We've talked a lot about that. I think there's $9.4 million to develop and implement this. Can you expand on how these funds are going to be used to make sure that it's for Albertans and not just for insurance companies when the insurance company maybe should be funding some things themselves in this, to make sure this is actually being used for Albertans and that it's not just going to be an extra benefit of just about $10 million for insurance companies taking advantage of the government?

Mr. Horner: Yeah. That's certainly not the case. This is our expense to build this as we approach January 1, 2027. There's an amount reflected in the budget of $1.4 million. That's for additional temporary staff for the care-first automobile insurance implementation team, about 13 FTEs, as well as amounts allocated for additional external consultants for legal, actuarial, and other professional services, which are not retained internally within the department. These are an estimated additional cost of approximately $8 million. So that's the $9.4 million total you referenced. We've budgeted a million dollars for legal, $500,000 for advertising, and 6 and a half million for consulting and project management. It's going to be important to explain this to Albertans. That's why I referenced the advertising piece, explain the system.

Mr. Dyck: I appreciate that.

What's the timeline for full implementation? I think we've talked about a couple of years from now. You've also referenced that this next coming week we'll have some more information, potentially, but that's still potentially a couple of years off when Albertans have some challenges now. So what's the timeline so Albertans can see some hope in the future here?

Mr. Horner: January 1, 2027.

Mr. Dyck: Okay. So this is another year and three-quarters.

Mr. Horner: And we'll need all of that time. I'm not kidding when I say it's a heavy lift.

Mr. Dyck: Yeah. It's pretty different for Albertans, too, to have this type of system.

Mr. Horner: There will be legislation in this session.

Mr. Dyck: Okay. I like that.

This is kind of a two-part question here, too, as well. Still on page 182. It seems that some publicly traded insurers in Canada seem to have had a profitable year in 2024. That's outcome 2, page 182. I know you've been really specific that the ministry has really keen eyes on this. Part of this is that we keep seeing insurance costs increasing for Albertans despite potential profits and despite affordability measures. Why is there an increase in insurance? Why did these insurers need to raise prices going into this year? Then, what's the difference between the Alberta auto profitability and overall profitability? Like, there seem to be some challenges there on where they're going and the insurance costs.

Mr. Horner: Very good question. I can give you some detail on some of them. The top six insurers in Alberta would be Intact, Infinity, Co-operators, Desjardins, Aviva, Wawanesa, have a combined operating ratio of 100, would assume a break even premium to operating expense ratio. This does not include the profitability consideration of 6 per cent as defined in regulation. Of the top five insurers I mentioned, only two would meet the profitability threshold in 2024. Your question about, you know, their auto business and how it works with their greater business: I think that's always a challenge, but the rate board is able to use their specific data from auto. It's not like they're trying to unwind those from their own reporting. We're confident that the numbers are real, but I know that's something that we do watch closely, and that's why we lowered it from 7 per cent to 6 per cent. But yeah, it's a challenge.

Mr. Dyck: Thanks for that.

What are the average insurance costs in the past year? Like, we've talked about them being rising. Are we expecting to see some increase, then, in this next year, too, as well?

Mr. Horner: I'll see if I can get you the numbers, but, yes, I would expect that they're rising. We increased the good driver cap from 5 per cent to 7 and a half per cent. You know, part of this is to keep the delivery mechanism, which is the insurance companies, around while we get to January 1, 2027. So that's something we watch closely. But, yeah, it's 5 per cent plus the 2 and a half per cent rider that was introduced to reach the 7 and a half per cent. Yeah. It's going to be quite a lift, and overall there's another cap that you don't see. It's more internal within the rate board, and that's at 10 per cent on their overall book. But if you individually cause the accident, it would be much more.

6:20

Mr. Dyck: Yeah. Well, I appreciate that.

I have one question just quickly on property insurance. We don't have a regulated market for property insurance, and I understand the reason why, but specifically, have we baked in anywhere how the tariffs from the U.S. could potentially affect our insurance market?

Mr. Horner: Okay. Well, first, on the fact that it isn't regulated here, you're correct. We are doing some work behind the scenes just to look into what's happening on the landscape and, you know, if there's something that could or should be done from our perspective, but that work isn't done. As a little comparison, I guess, in California, like many U.S. states, property insurance rates are regulated. As you've seen in the L.A. fires this year, many California property owners do not have access to property insurance in the regular market and instead purchase it through a public insurance pooling mechanism called FAIR California. There are reports that California has been slow to treat the cause, which is a lack of rain and growing fuel loads, so forest management. We have that here as well. In Alberta the government is focused on addressing the causes.

The Chair: Thank you very much, Minister.

Member Ellingson, you have seven and a half minutes.

Mr. Ellingson: Thank you, Mr. Chair. Minister, it's a rapid-fire round, so hopefully these come out coherently.

Mr. Horner: No homework, Court.

Mr. Ellingson: I'm going to pick up on questions from the energy file, whether or not there is any risk or liability to the government from wells or other oil and gas facilities that would be transferred to the oil well association for remediation and they won't have the funds. We've heard in the House: no money will go to the private sector. But maybe if the company has gone bankrupt, the money is not going to the private sector. Just examples of three companies: 2,500 wells from Sequoia, 5,600 wells from Long Run, 2,000 wells from AlphaBow. Is there any risk or liability to the government?

Mr. Horner: Well, we'll continue to, you know, meet our obligations, meet our requirements that exist. I'm well aware that a lot of that's from my riding. There are mechanisms in place now. I believe it's through environment, actually. I don't have the right thing. I think it's section 36 payments or something.

Mr. Ellingson: My other oil and gas question is the payment of property taxes to municipalities and, you know, if the government could be a little bit more heavy-handed there. We think that the Rural Municipalities are saying that it's about $254 million that they did not collect last year from property taxes from oil and gas. I'm just curious if this also could lead to liabilities for the government, that those municipalities are going to come to the government for, like, funding for projects because they don't have the property tax revenue. Is that something that's been factored into the budget, that they might be asking for more money because they're not getting property tax revenue from oil and gas companies?

Mr. Horner: Not in the budget. We well understand the issue. You know, if the municipality is not getting paid, generally neither is the landowner. Like, the companies that you've mentioned: it's usually that they're insolvent or about to be. We monitor closely, but, no, there's no silver bullet answer in this budget.

Mr. Ellingson: Yeah. I think we all wish that there was a silver bullet, but maybe if there was, it would be a silver bullet for everything, and we wouldn't have hard conversations with Albertans.

I'm going to go to page 73 of the fiscal plan, where I see the budget estimate for physician compensation. We see that '25-26 is actually lower than the Q3 forecast. I'm just curious. If we're hoping to hire more doctors, how do we anticipate that physician compensation would be lower?

Mr. Horner: Well, we're working with the physicians to ensure that it's, you know, right sized. There's a new physician deal. A lot of these numbers came from the expectations of Health: the nurse practitioner program, some other changes. But, yeah, using Health's best estimation.

Mr. Ellingson: We have heard that maybe, like, looking at some claim codes that are being deleted will maybe take away some compensation for physicians.

But now I'm actually going to ask the reverse question; have my cake and eat it, too. On page 73 we also see in the same chart that in '26-27 and '27-28 it's then actually going to flip and increase. So why lower going into this budget year and then a healthy increase the following budget year?

Mr. Horner: I think you'd say that some structural changes in the short term and then volume increases from there is the expectation.

Mr. Ellingson: I feel like this year we're also having some volume increases.

Mr. Horner: Well, we would agree. But, yeah, a structural reset and then the volume.

Mr. Ellingson: Okay.

I'll flip back to the contingency fund. Part of that contingency fund this year, a big chunk of it, is those public-sector compensation negotiations, but the contingency funds for '26-27 and '27-28 are also elevated. A lot of those public-sector compensations are going to be negotiated this year, so the deals would be, like, made. Wouldn't they translate into operating expenses line items for the subsequent two years?

Mr. Horner: Yeah. It's used to reference the growth which we expect will be there, but it'll be moved into ministerial line items most likely.

Mr. Ellingson: So maybe even through the course of this year the forecast for '26-27 will change, and it'll move from contingency to a ministry line item?

Mr. Horner: Yes, that would be our expectation.

Mr. Ellingson: Okay. We can look for those changes as we go along. Thanks for that.

There are a couple of things that I've noted through the course of the conversation today in the structural change that we're making in the delivery of auto insurance. This does impact the cost to the government. We've noticed that there are increases to financial sector regulation and policy. I think it was Member Dyck that asked earlier about that $7 million increase; I had the same question. You've answered that a good chunk of it is coming because of those auto insurance changes. We also know that there's advertising and a campaign around that auto insurance. I just want to acknowledge, like: overall this year how much is it costing the government to make those structural changes in auto insurance?

Mr. Horner: The entire piece we talked about, the $8.4 million, I guess . . .

Mr. Ellingson: Including advertising.

Mr. Horner: That's in there.

Mr. Ellingson: That's in there? The $8.4 million?

Mr. Horner: In the $9 million. Pardon me; not in the $8.4 million. That includes the 13 FTEs.

I would just note that a lot of that's temporary. Like, this is for the stand up, not the continual operations.

Mr. Ellingson: All right. I'll just say that I noticed – 45 seconds – that the Treasury Board Secretariat, page 178 of the business plan, had a really big jump. I was asking about that.

I was going to ask about when, earlier in this conversation, you listed off several advertising campaigns that were being covered off by other ministries. I would have been interested to hear: what was the budget, and how much has the spend already been on those advertising campaigns?

I've been asked by those pension plans like LAPP whether or not they could have a board member on AIMCo because they feel like they would like to have some more say at the table.

I have a question to the minister around youth unemployment. Do we really think that a lower minimum wage is helping? Youth unemployment is actually going up, so suppressing minimum wage isn't really helping in our . . .

The Chair: I apologize for the interruption, but I must advise the committee that the time allotted for this portion of consideration of ministry estimates has concluded. I'd like to remind the committee members that we are scheduled to meet this evening in half an hour, at 7 p.m., to consider the estimates of Ministry of Affordability and Utilities.

Thank you, everyone. This meeting is adjourned.

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

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