

[Mr. Langevin in the chair]

THE CHAIRMAN: Okay. It's past 9 o'clock, so I'll call the meeting to order. We have four legislative officers making presentations today, but before we start, Peter, I have a couple of items here that will take a couple of minutes.

MR. VALENTINE: Do you want us to leave, Mr. Chairman?

THE CHAIRMAN: No. That's okay.

The first one is the approval of the agenda. Did you all have a look at the agenda? I need a motion.

MRS. O'NEILL: So moved.

THE CHAIRMAN: Moved by Gary there.

MR. DICKSON: Well, Mr. Chairman . . .

THE CHAIRMAN: I thought you were making a motion. Sorry.

MR. DICKSON: I'm prepared to do that, except there was one item, you remember, that I'd raised at our last meeting that was going to involve some inquiry and report back. That had to do with change in the reporting period for the Ombudsman.

THE CHAIRMAN: Yes.

MR. DICKSON: That's reflected in the amendments. I'd just be anxious that it be dealt with at some point. Maybe with the Ombudsman's budget?

THE CHAIRMAN: Yeah, or we'll deal with it at the end of the meeting when the officers are gone. Okay?

MR. DICKSON: Fine, as long as it's tagged on. So I'd move the agenda with the addition of that one item dealing with the Ombudsman.

THE CHAIRMAN: Mary had made the motion first, though.

MRS. O'NEILL: That doesn't matter.

MR. DICKSON: Whatever. But I wanted that change.

MRS. O'NEILL: He can move it, and I'll second it.

THE CHAIRMAN: Okay. We have a motion by Gary, seconded by Mary. All in favour? The motion is carried. Thank you.

The second item is the approval of the minutes of October 26. Can I have a motion for that?

MR. JACQUES: I so move.

THE CHAIRMAN: Moved by Wayne Jacques. All those in favour of that motion?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Agreed. The motion is carried. Thank you very much.

The next item is the Auditor General's presentation on his budget. Peter, we'll give you the floor. You can make your . . .

MR. JACQUES: Mr. Chairman, just before we proceed, I'm just wondering in terms of how you wanted to conduct the business today. I did not receive my binder until yesterday afternoon, so I haven't really had an opportunity to have – I don't know what your plan was or suggestions to the committee with regard to dealing with the budgets, whether you wanted to deal with them at the end of the day or what. What are your thoughts on this?

THE CHAIRMAN: Well, if it's okay with the members, I was hoping that we'd hear all the presentations and we'd deal with the motions at the end of the day.

MR. JACQUES: Okay. Thank you.

THE CHAIRMAN: Very good.

Okay, Peter.

MR. VALENTINE: Well, good morning. At least we're not working by telephone, and no handouts this morning. I might just observe that our material was provided on time to the Clerk's office in accordance with the request. It's unfortunate you haven't had more time to spend with the material.

Merwan Saher, whom you know, and Monica Norminton, whom you know, are with me this morning. I'm going to highlight a variety of things in the budget material, and we're going to use some overheads and tell you about the background of how this stuff all comes together.

This overhead that's going up at the moment depicts the trend in our total manpower costs, staff costs. The green bar is the salaries and wages portion, and then the gold-coloured bar is the total manpower cost from 1998 projected through to 2004.

The staff costs are a broad category including salaries and wages; employer contributions such as Canada pension plan, employment insurance, employer portion of pension contributions, health care benefits, and the like; professional fees; and training and development. We've put those things in the same category because they further the employees' ability to serve the office and benefit their careers over a longer period of time.

The trend from 1998 through 2000 indicates increasing manpower costs. On average these three years the increase has been at a rate of 4 percent per year. In the current fiscal year, shown in the 2001 chart, an increase of approximately 9 percent was provided for in our budget and approved last year, and we're on target for that in the current fiscal year. For the 2002 budget the increase in the total manpower cost is 13 percent, and I'll just go over some of the things that are affecting that. The following years the projection is at 5 percent per year.

The first factor contributing to the increase in our budget request for salaries and wages results from information provided to us by Alberta Treasury and the personnel administration office, who tell us that raises in the public sector will be in the 3 and a half to 4 percent range. However, the information that we obtained from the private-sector accounting firms suggests increases in the area of 10 to 20 percent. Since we're in a competitive market for professional staff, we've incorporated management increases in our numbers at 5 percent and nonmanagement at 3 and a half percent, and the effect of that is to increase the budget over the original forecast by \$244,000.

Within the salaries and wages line we've also budgeted for additional staff. In prior years we only budgeted for the existing

staff on hand, which we explained to you in the subestimate meeting. We're currently below our FTE optimal number of 126, but we're getting closer to it. We have 110 staff at the moment, and we're planning on reaching 117 in the 2002 budget. The effect of that is to increase the budget over forecast by \$424,000.

We've also included additional amounts for vacation payouts and midyear salary adjustments for those staff who qualify with their accounting designation midyear, and therefore as professionals they're entitled to the higher wage level. I'll discuss the number of students that we have writing in a few minutes in that we're coming to an anomaly at the moment. Vacation payouts continue to be high. In the year 2000 they were \$137,000, and the year to date is \$123,000. The effect of that is an increase in budget over forecast of \$147,000.

The next slide talks about the proportionate costs and uses of a pie chart graphically. You can see that the large portion, 72 percent of our costs, is salaries and wages. Fifteen percent is the employee related costs; it's the benefit program. Eight percent is rust-coloured, and that's employer contributions. Temporary services is the green or I guess taupe colour; isn't it?

MS NORMINTON: Yes, it is.

MR. VALENTINE: And that is at 35 percent?

MS NORMINTON: It's 15 percent.

MR. VALENTINE: It's 15, Monica, yeah. So that's where the money in manpower goes to.

The thing that we have to manage is the temporary services item. We have some thoughts about that, and I'm going to tell you more about it in a minute or two.

For the year 2002 professional fees and training and development will increase by \$196,000. One of the primary reasons for that is that we'll have 25 writers of the uniform final examination this coming year. On average in the past we've had five writers, which costs about \$15,000 for the related exam and preparatory fees. With 25 writing, we'll have an increase in our budget of about \$62,000.

We have a program that mirrors the government's learning strategy and promotes continuous learning amongst the public-sector employees. Those accounts are now fully recognized in our financial statements, and doing so will increase our budget over forecast by about \$82,000. If members need a copy of that policy, we have one available for you today. Then we have a certain amount of staff training, an increase of about \$23,000, which is technical training in the audit area and improving the skill sets of the staff. One of the areas that we're going to do some work in this year is e-commerce to ready our people to be able to do the necessary auditing in e-commerce that will be required as the government moves into that sort of delivery of services.

The next slide shows two other line items that contribute to our total manpower costs: the temporary staff services and the employer contributions. Temporary staff services is the rust-coloured line at the bottom. The middle line is our agent fees, and the top line is our own staff costs in terms of dollars.

9:12

MR. SAHER: I think this is in terms of FTEs.

MR. VALENTINE: Yeah, FTEs. So you see that we project in the new budget year a decline in the FTE count of temporary services. That's what we told you at the last meeting, and we have every reason to believe that we can be reasonably successful at doing that.

That's the one item that I think we seriously need to be able to say at the end of the day that we've managed right into the ground. In that particular case the dollar value of the decline we anticipate will be \$388,000, so that's a recovery, if you like, or a decrease in outlay costs.

Can we go to the next slide, Monica?

This graph presents the information that we put on the previous slide in a slightly different manner. It demonstrates the staff of the office. The primary personnel are in green, agents are in the taupe colour, and in the rust colour is temporary staff. You can see over the years how there was a greater reliance on temporary staff, and now we're starting to shrink that reliance into a more manageable number.

On agent fees I'm told by my colleagues in the profession that professional service fees in the accounting area will increase somewhere between 10 to 20 percent over the next year or so, and that's driven by their wage pressures. We think we can manage our fees that we pay to agents in an absolute sense by ensuring that we don't do work that is not necessary and that we plan and use our agents in a partnership way to maximize their contribution and at the same time keep the costs under control. Salaries and wages are the big issue in the office, of course, so we've really covered at this point the major cost item.

Let's go on and look at supplies and services. A little busy in colours. Professional services is the mustard-coloured tall one. Travel is in green. Materials and supplies is in rust. Other is in blue, and computer services is in gray. Computer services is the Imagis system, which we get charged our proportionate share of by Infrastructure.

We've increased our travel costs for inflation. That may or not be a good idea, depending on where fuel prices stay. It may be more than inflation at the end of the day. Our professional services really is directly related to the workload in the office, and some years we've had a decline, as we have in the current year. It reflects a certain amount of legal fees incurred in connection with the famous West Edmonton Mall issue, and we anticipate that there'll be more activity in the future just getting that thing dealt with. In addition, we believe that we will have increased use of specialized services in computer auditing as the more complex computer systems become operative and in place. So that really covers the area of supplies and services.

In the category of "other," just before we close off, that's got telephone, repairs and maintenance, equipment rentals, postage, and the usual sorts of odds and sods at the end.

Let's look at leasing costs, which is the second largest expenditure we have. I'll split it out, the Edmonton office and the Calgary office. If you can just quickly take your eye to the top of the page, you see where we were in 1998 and you see where we're going to be in the year 2005. It's all driven by the real value of rents. We now have leases negotiated and in place in both places, Calgary and Edmonton. In Calgary we sublet from the Energy Resources Conservation Board, and in Edmonton we have our own premises up the hill here. Those leases have been negotiated by Infrastructure and are in place. So that's difficult to do.

I can go back and reflect on the few months before I took up my office. Together with the staff at the time we worked on negotiating a lease for the Edmonton office premises, where we were paying negative rent, \$1.50 a square foot on a triple net basis. Those days are over. It was a great run while we could do it, but you can't do it anymore, unfortunately.

Let's look at capital assets. This is a little busy. We show a large increase in the 2001 forecast. In part that increase, that you've noticed no doubt, is due to the deferral of \$173,000 of expenditures

planned for the current year and pushed over. Going to the bold line, third from the bottom, which is our budget year. Right, Monica?

MS NORMINTON: Right.

MR. VALENTINE: Our budget is \$887,000, of which computer equipment is \$785,000 and other capital is \$102,000, and then the last column on the far side is the amortization, which probably is not too important at the moment. First of all, the \$173,000 of prior-year budgets will be moved over, and in the current year we'll return the money we haven't spent. Then next year we will continue with those projects that we had planned in the current year to the tune of \$173,000.

The big item is the computer systems budget, which provides for the replacement of all the notebooks at a total cost estimated to be \$550,000. That represents a move from replacing one-third of our notebook fleet annually to once every three years, and it's done for three reasons. First of all, we can't build the necessary security aspects into our hardware and software if we have three different kinds of platforms, and by moving to one platform, we can adopt Windows 2000 officewide. That'll allow us to encrypt all the files, and one won't be able to get at them unless you have the requisite password.

With multiple configurations in use, essentially three different ones because you've bought the laptops in three different years, parts are not interchangeable, and we end up requiring special parts to be acquired for the old machines. Bulk purchasing doesn't become an option, then, because you're dealing with only one-third in each system.

Then a number of our older machines are encountering processing difficulties just because of their limitation in size. We are moving to a paperless audit file, as everybody else is, and we have some concerns that unless we're on a common platform, we could lose information and not have the requisite file backup.

9:22

In my letter to you, that was in front of the material that you received, I noted that the Alberta government Information Technology Advisory Committee, ITAC, adopted recommendations for a three-year life for desktop models and a two-year life for notebooks. In fact, their recommendation is now, we understand, for a three-year life for all computers. Our policy therefore echoes what's being promoted by ITAC for the costs of the government. We also recognize that none of our existing notebooks currently meet ITAC's minimum standards for mobile users, and that in large part explains the technical difficulties that we've encountered. Again, we have copies of that guideline available for you, if you haven't had the opportunity to see it.

In addition to the \$550,000 and part of the \$173,000 that we're carrying over from last year is the redevelopment of our internal management information software, and we thought that that might go on in the current year. The fact of the matter is that we weren't happy with the product we were going to get, so we've delayed it a further year, to the year 2002.

The last factor contributing to increased capital costs is the next-year delay in our leaseholder improvements. Last year the budget included \$99,000 over two years to deal with the costs, and because we haven't gone forward because the leases weren't signed, everything got pushed along, so we have \$102,000 in the current year.

We might just show you what's happening to our audit hours. This chart that you're going to see shows the hours spent on audit projects by the staff, by borrowed staff, and by agents. The straight,

dotted black line is the trend line, and the other line is the actual. By using the trend line, we can adjust out things like the West Edmonton Mall investigation, where there were 5,500 hours in 1999 and about 410 hours in 2000. We would hope that it would eventually go to nothing, but as long as the lawsuit goes on, there's some involvement. As you probably know, I being one of the parties, the trustee for the bankrupt estate of Triple Five Corporation is seeking to get our working papers. They are proceeding with that in the courts, and I'm resisting that. So that seems to go on month after month and gives me some more mail to open, I guess. I thought you might like to know where those hours are going. In the course of time and as we grow and prosper in the province and as we devolve more activities closer to the citizens of Alberta to deliver government services, then some of our audit activities increase.

So let's look at this budget in a capsulized form. The net cost of our operations in the 2000-2001 budget was \$13.8 million. The changes in the budget that you're looking at are the change in the salaries – that's a factor of 3 and a half to 5 percent – which I told you is \$244,000, and the change in staff, \$424,000. The overhead related to all those activities brings it to a total of \$956,000. Our audit fee revenue will decline modestly, \$30,000. That's entirely due to efficiencies on those audits; it's no less amount of work going out in terms of the absolute number of audit engagements. So the net cost of operations in the budget year that we're looking at this morning, 2001-2002, is \$14.7 million. So essentially it goes up by \$1 million, and that is related primarily to manpower costs.

We have a more detailed slide with some percentages on it. I won't go over the percentages in detail except to note that the change in the net cost of operations is 6.7 percent. Some of these numbers you received in the material that was passed out to you. Our net cost of operation is a 6.7 percent increase when compared to the current year's budget.

If I look at the year-over-year summary, on the left is the current year, and on the right is the budget year under consideration. Our total operating budget is estimated to increase by 5.5 percent and our total capital budget by 105 percent, but it's a much smaller number. We talked about the \$550,000 in there for laptop renewal. Overall the budget increase is 8.3 percent.

So that's the end of our presentation. I'd be happy to entertain questions or observations.

THE CHAIRMAN: Thank you very much for that presentation, Mr. Valentine. Yes, I have some members who want to ask questions.

The first one is Gary.

MR. DICKSON: Mr. Valentine, just four questions I had. The first one arises out of the transparency you had a moment ago, the vertical bar graph. It showed computer services decreasing in terms of '99-2000, 2000-01. As I understood it – and it may be because I'm colour blind. Yeah, I think that's the one. Doesn't that show a decrease in 2001?

MR. VALENTINE: It does.

MR. DICKSON: Yet if you look at this, we're going from \$174,000 in '99, \$185,000 in 2000.

MR. VALENTINE: No, no. Computer services is the fees we pay to use the Imagis system to manage our business. That's not the equipping of staff to do audits.

MR. DICKSON: Oh. So the computer services item that appears on the summary isn't the same computer services that's shown on the

bar graph?

MR. VALENTINE: It's the same one.

MR. DICKSON: Is it?

MS NORMINTON: Yes, it is. We're going from \$174,000 in 2000.

MR. DICKSON: Right.

MS NORMINTON: Then we're predicting \$169,000 in 2001. So it's kind of even, just a little bit less.

MR. DICKSON: Right.

MS NORMINTON: Then in 2002 it does go up.

MR. DICKSON: Okay.

MR. VALENTINE: And that's Imagis.

MR. DICKSON: Right. Okay.

The other thing is that there had been problems last year and a particular challenge with the child and family services authorities, and in fact that was one of the reasons why you came to the committee and we approved supplementary estimates a couple of months ago. Do you see ongoing problems there that are going to be manifest in higher costs in this year? I guess I'm trying to say: was that sort of a onetime challenge, or are there going to be some residual, incremental challenges from an auditing perspective? Is that the sort of thing you can even anticipate now?

MR. VALENTINE: Well, I'd like to be able to tell you that the whole thing has been solved, but we haven't been back there to audit yet, so it's an unanswered question. We believe that to some extent we should be experiencing an improved situation, but I guess I'm not yet ready to count my chickens. So our budget that you see today is cautious about that aspect in our hours; I mean, that's where we in effect budget.

MR. DICKSON: Okay. The other query I had. On page 2 of your very helpful narrative, the explanatory letter, I know the professional fees are only some 4 percent of the budget, but that item, \$82,000, I'm not quite sure I understand it. I mean, I understand the \$62,000 because you have writers for the uniform final exam, and I understand the \$23,000 in terms of audit-specific training. But I'm a bit puzzled by the comment at the top of page 3:

A fund to support employees in developing competencies to improve employability within or outside the Alberta government.

I thought one of our problems was that we were doing too good a job in terms of training young accountants and our problem was retaining them. This seems to be sort of paving the way for the exit of these freshly trained auditors. Am I missing something here? I don't understand enough about the program.

9:32

MR. VALENTINE: I don't think you're missing anything. This is a program where the government has to provide professional development opportunities for its staff. We can pass around a paper entitled Towards a Learning Organization in the Alberta Public Service: A Corporate Learning Strategy, October 1996. This is the government's policy.

Now, as you know, we try very hard to make sure that the staff in our office have available to them the same things as the public

service. Those staff in my office are not part of the public service, so those professional development learning opportunities are made available to our staff just the same as everybody else. In the past we only really budgeted for it on as-taken basis. There's a greater level of awareness that this opportunity is available to the staff members, and they are using it more. They have an entitlement to it, and I would rather have them take a course that we pay the tuition for. By the way, it's a taxable benefit. Then, you know, the chances of keeping them in the office I think are enhanced because they get a learning opportunity within their workplace environment.

MR. DICKSON: Thank you.

Finally, I understood from your letter that the government standard is three years for desktop computers and two years for notebooks. Did I hear you say that's changed?

MR. VALENTINE: Well, it's shifted. Between the time we printed this and the time we came here this morning, we got a shift of the interpretation.

MR. DICKSON: So it's three years for desktops and notebooks, but that doesn't require a change in . . .

MR. VALENTINE: No. We can work with that \$550,000, and then the question becomes, you know: should you do a third of it each year and manage it through, or should you do it once every three years and have a common platform for all of your equipment? We see a strong need to do the common platform.

MR. DICKSON: Okay. Thank you.

THE CHAIRMAN: Okay. Howard, you had a question.

MR. SAPERS: Yes. Thanks very much, Paul. Mr. Valentine, I have three questions. I'll go to my middle one first, because it was about that same overhead that had all the coloured charts.

MR. VALENTINE: The bar graphs?

MR. SAPERS: Yeah. It was about supplies and services. It looks like there was a big increase in the budget request from 2001-2002, but you're projecting relatively flat expenditures for the rest of the forecast period, out to the end of fiscal year 2004.

MR. VALENTINE: For which category?

MR. SAPERS: You know, just looking at all of them. You look at the increase in year 2001 to 2002, but then it stays relatively flat, and there was a big increase from 2000-2001 as well.

MR. VALENTINE: Well, if you take the rust-coloured one, then that's materials and supplies, and we just put inflation on it. We don't see that changing a lot.

MR. SAPERS: Right, and I heard you say that in your introductory comments, but the experience would seem to be a little bit different. I mean, if you go back to where that table starts in '98, there's been pretty steady growth. Why are you expecting it just to be inflationary when it's obviously been more than inflation in the previous years?

MR. VALENTINE: Are we talking about the rust-coloured one?

MR. SAPERS: Well, primarily it's in professional services.

MR. VALENTINE: Well, professional services is the mustard-coloured one.

MR. SAPERS: Right, but other as well and materials and supplies. It's a general question. You've done more than inflation.

MR. VALENTINE: Where we know there are items that we need to provide for, we've specifically done it. Otherwise we've used an inflation factor to try to move forward.

MR. SAPERS: Right, and I'm just questioning that assumption given that your experience has been greater than inflation in almost every one of those categories in the previous three years.

MR. VALENTINE: Well, you know, if you take a thing like materials and supplies, we ought to be able to manage that to some degree with a common purchasing power and all the rest of that sort of thing. So I'm happy with it. They're small dollars, and they're not the expense categories that we've had difficulty with. In fact, in the current year we're on budget. Monica, is that not true?

MS NORMINTON: Yes, we are.

MR. VALENTINE: So, you know, for all of that kind of thing I think we're relatively comfortable. The one that could fool us in there might be travel if we experience something more than the inflation factor increase in air travel costs, but then travel isn't just air travel. We do a fair amount of driving to some of the more outlying locations. Hopefully, you don't see the same fee increases or rate increases in driving vehicles as opposed to flying or taking the bus.

MR. SAPERS: All right.

I had the same confusion as my colleague about the computer services. I look at the chart and I see that the gray lines hover around \$200,000, but the estimates for 2002-03 and 2003-04 go to \$265,000 and \$274,000, and those lines don't look like they're climbing up towards \$300,000 on that table.

MR. VALENTINE: You know, you're right.

MS NORMINTON: Oh, you're right. That's my error.

MR. SAPERS: Okay. So which is correct? The budget figures here?

MR. VALENTINE: The budget figures, yeah, not the table.

MR. SAPERS: All right. Thanks.

Another question I have has to do with just some language that was used during your presentation and what's in your letter to us when you're talking about employee-related consulting costs. Again, I realize that the dollar figures aren't large, but I'm not very clear. Maybe it would be clearer if different language was being used. You talked about other employee-related consulting costs being benefits, but they have more to do with . . .

MR. VALENTINE: No, no.

MR. SAPERS: Yeah. When you were making the presentation, you said that they're benefits, but the narrative talks about it being more

recruiting and relocation costs.

MR. VALENTINE: Oh, sorry. If I did, I did it innocently. We have embarked on what we hope will be successful – aggressive for sure but we hope it will be successful – recruiting of chartered accountants abroad. We're doing it with Telus teleconferencing interview methodology. We've interviewed five people to date, and we interview another two next week. Of the five we've seen, four are excellent candidates. Three are chartered accountants, and the fourth one is an information technology auditor type fellow. They're all South Africans. We are very pleased by what we see. That is this principal amount of money that's in the employee-related consulting costs.

MR. SAPERS: Okay. So 15 percent of your overall manpower costs are really recruiting and relocation costs and only 8 percent are benefits?

MR. VALENTINE: No, no.

MR. SAPERS: I'm just going from this.

MS NORMINTON: That's the 1 percent. The gray is the employee-related consulting costs, the recruiting costs that are just being talked about. That's that 1 percent gray. The 15 percent is the temporary staff services.

MR. SAPERS: Yes. Okay. That's what confused me. The colours on the little boxes aren't very clear to me.

MR. VALENTINE: Now, of the employee-related consulting costs there is, you know, counseling on termination of employees. That sort of thing is in there. But the significant reason for an increase in the current year is this recruiting activity that we're conducting. The consultants that we're using to assist us in that project are the same consultants that were responsible for bringing the doctors here from South Africa, which was a very successful program, and I understand that they're ramping it up again.

9:42

Now, we've chosen not to go traveling over there for a variety of reasons, the least of which is that it's the last thing I want to do, so we tried the teleconferencing. I must say that I haven't been a great fan of teleconferencing so far, but because we'd used a lot of handout material in advance – these people had studied our web site. We knew a fair amount about them. We had complete dossiers on each person, and we had some observations by the consultants. We went into the interview – each of them lasted about an hour, I guess, over an hour. It was a very effective way to meet somebody and feel at the end of an hour that you really understood sort of what they were about and understood why they wanted to come to Canada and their professional skill set and so on. So I'm very hopeful that it will work well, and there's certainly quite a different cost.

MR. SAPERS: Thank you.

The 72 percent in the big green chunk there – a component of that, I understand, is the \$147,000 in other manpower costs, and one of the explanations for that is that that includes vacation payouts.

MR. VALENTINE: That's right.

MR. SAPERS: I'm wondering why that's treated differently. I guess what I'm trying to get hold of is: what would be the total ongoing benefits as opposed to onetime expenses for recruiting, relocation,

severances?

MR. VALENTINE: Well, our cost of benefits is whatever they are to any other organization within the government entity because we are no different than anybody else.

MR. SAPERS: But it's more than the 8 percent that says employer contributions. Some of it's in the 72 percent.

MR. VALENTINE: Oh, I'm sure of that. Yeah. Sorry; we don't have the numbers here.

MR. SAPERS: For purposes of presentation, being able to make comparisons, it would be helpful if that was broken out as to what the ongoing benefits costs were.

MR. VALENTINE: We just hadn't approached it that way, I guess, not for any particular reason.

MR. SAHER: If we just go back to the appendix that's attached to the letter, I'm not sure if that does answer your question, Mr. Sapers, but it does give, you know, each of the manpower categories. You will be able to observe the actual, starting at the left, and then the budget forecast and estimates.

MR. SAPERS: But just the way that the letter is drafted, it leads me to conclude that some benefits costs are in salaries and wages and other benefits costs are employer contributions.

MS NORMINTON: Only when the vacations get paid out as a percentage of salary are the vacation benefits included in the salary. All the other benefits, like pension and such, are included in employer contributions.

MR. SAPERS: That could happen when people leave, or that could happen when people have accrued time and take it in cash instead of time, so it's an ongoing benefits cost. As I say, in other government departments it's broken out differently. It would be helpful. It's not a big deal; it's just that I'm trying to understand the terms and that.

MR. SAHER: If I could just comment, I think, you know, that if the letter suggested that a vacation payout was a benefit, then that's a miscommunication in a sense. A vacation payout is a salary cost.

MR. SAPERS: Right. Okay.

The last question, hopefully just a lot more straightforward. With the \$550,000 that's being budgeted to replace the laptops, you know, book computers, how many laptops are we talking about?

MR. VALENTINE: Have you got those numbers?

MS NORMINTON: Yes, I do. It's 100.

MR. SAPERS: So that's a hundred units.

MS NORMINTON: At \$5,500 each.

MR. SAPERS: Okay. Does that include software costs then?

MS NORMINTON: It includes everything to get the unit up and running, yes. It could be Windows Office 2000, what the unit comes with. You know, when you buy a computer, it's got the operating system. It includes that.

MR. SAPERS: But not the other software you need, whether you're

going to load whatever spreadsheet or word processor.

MR. VALENTINE: Oh, that's included.

MR. SAPERS: That's included in the \$5,500?

MS NORMINTON: All the operating systems, yes.

MR. SAHER: I'm not a technical expert, but all of the other systems that we use would merely be available and used on those machines. I don't think it's a part of the capital cost.

MS NORMINTON: We already have it: Windows 2000. We've already purchased it. It's not included in the – the operating systems are in that \$5,500, but we don't anticipate having to buy new software. We have the platforms already in our office.

MR. SAPERS: So \$5,500 per unit. And the old ones get surplus?

MR. VALENTINE: Well, therein lies the problem, because of the government policy with respect to how you deal with old laptops. We use them in a variety of ways, backup machines and training, and we don't let them go. I'm not prepared to let hard drives, which are going to be drilled somewhere else and which have information on them with respect to the audit of the government, get out of my hands, so we've got them in the office. That's a problem, I mean, but it's not my problem. That's Infrastructure's problem.

MR. SAPERS: You could be knee deep pretty soon.

MR. VALENTINE: We might be. We might be.

MR. SAPERS: Thank you.

MR. VALENTINE: We use them as a recruiting tool. Once a student has signed on with us, you know, they don't join us for several months. So we give them a laptop, and we make the e-mail system available to them so they become part of the office right away, even though they're completing their qualifying exam or whatever educational activity they're doing. We have a few of those out at any given time.

THE CHAIRMAN: That's all, Howard?

MR. SAPERS: Thank you.

THE CHAIRMAN: Mary.

MRS. O'NEILL: Thank you very much, Mr. Chairman. Mr. Valentine, thank you for the copy of the letter to our chairman, which I did find very explanatory. My question is with reference to appendix A and also to the other overhead that you had with a number of multicoloured graph bars. I just need a location in the year. I noticed in professional services, in the sort of moss green, the first bar there, that it increases from the year 2000 to 2001 dramatically. I know that we have the approved special estimates that we did in November of this year. Can you place them on appendix A for me in the year? I'm having trouble reading the – did they go into this year's budget, or did they go into next year's? If you can help me out, please.

MR. VALENTINE: Okay. Yeah. Answering your last question first, the supplementary estimate is in the second column from the

left and is added to the original budget to come to the total budget.

MRS. O'NEILL: For the year 2000-2001?

MR. VALENTINE: That's correct.

MRS. O'NEILL: All right. Okay. Then is that carried over to 2001-2002? Is it incorporated in your projected budget?

MR. VALENTINE: Yes.

MRS. O'NEILL: Thank you.

My second question, then, Mr. Chairman, is at the bottom here, under the amounts for presentation to the Assembly. You have the two columns. The one on the left would be the year 2000-2001?

MR. VALENTINE: That's what we think our end result will be.

MRS. O'NEILL: Okay. So that's projected to March 31, 2000.

MR. SAHER: That's the budget as presented last year.

MRS. O'NEILL: As presented last year. Then this one is the one for the budget year that we did.

MR. VALENTINE: The budget for next year; that's right.

MRS. O'NEILL: Thank you. I know it's a simple question, but I just needed to . . .

MR. VALENTINE: I'm not sure we answered your first question, which was: why was there an increase in professional services between 2000-2001?

MRS. O'NEILL: Yes.

MS NORMINTON: That's a reflection of computer audit specialists. In prior years we've always included that in agent costs because we've used computer audit specialists only a little bit. But we're increasing our reliance on them or our projected reliance on them, so we've separated them out as a specialist.

MRS. O'NEILL: Thank you. That does answer my question.

THE CHAIRMAN: That's all, Mary?

MRS. O'NEILL: Yes, Mr. Chairman.

MR. HIERATH: Peter, in your working towards reducing your reliance on temporary staff, my recollection has been in the past that the Auditor's office contracted out auditing to the private sector some years ago, and it doesn't appear that you're doing that now. Is that a proper assessment?

9:52

MR. VALENTINE: No. Go to appendix A and look at the underscored line, the third from the bottom underscored line total, which starts at \$2.496 million on the left-hand side of the page. On your thumb it's \$3.559 million. That's our agent professional services fees.

Temporary staff services is the second number from the top of the page. Now, if you lived in a perfect world, temporary staff services would be in salaries and wages. You would have no temporary staff services. You would still have whatever agent work that you wanted

to engage; that would still be there. But the fact of the matter is that we're experiencing a very tight labour market for professional accountants, and to a greater extent we've had to rely on temporary staff services by borrowing staff from the firms.

I don't like to do it because the rate is too high. I don't like to do it because it doesn't train our own people. The leftover is not the reward that I would want, but to some degree you're always going to do it because you should never staff for a peak. You need to shave that peak off, and by using temporary staff services to some extent, to the appropriate amount, you can get the peak shaved off and you don't have to have that person on staff for the rest of the year. So there's a happy balance here, but at the moment, as you know, it's a serious concern. It's a situation that we just hope in the long term we will be able to manage our way through.

On a more macro concept, is the profession going to be able to attract the requisite number of young people into the profession? That's the big question. The new move to the CA School of Business and the new move to a different form of examination and qualification are things that are designed to try and attract more people into the profession.

MR. HIERATH: Still exploring your decision about contracting out versus temporary staff, in contracting out with the private sector to do audits, are you limited by the opportunity of the private sector to engage with you in a contractual agreement? It probably is more efficient for you to contract out than the temporary staff thing, because you're saying that the hourly rate is so ridiculously high.

MR. VALENTINE: Well, the temporary staff services and contracting out are entirely separate items, and they don't interrelate with one another.

We use agents for three reasons. One is to acquire a skill set that we don't have internally and can't afford to create and maintain internally. Computer audits would be one of those areas: specialized audit activities, activities relating to financial institutions where we need some special skill sets.

The second reason we use agents is geography, because there are locations in the province where it would be inappropriate for us to be traveling back and forth every Monday and Friday in order to do an audit engagement. To use an example, the college and the regional health authority in Fort McMurray are done by an agent and the college in Medicine Hat and so on. They are local people, and they're doing the work. For those particular two and also for the child and family services authorities we've tried to locate qualified accounting firms in those more rural locations and have them do the engagement. I think last year, despite the fact that it took a lot of time to do it, the use of some smaller firms in more rural locations at the end of the day was a good idea. It'll be used again in the coming year and more effectively.

The third purpose for using agents is to reduce our peak and spread the work over that time in March and April and May to June, which is a peak time that follows the profession's peak time, which comes in January, February, March, and April.

So using those three criteria and using engagements that it's appropriate to contract out, I think we have a very happy mix of relationship with the profession. We're certainly using a lot more agents this year than we were in other years. I think in the 17 or 18 child and family services organizations we're using eight or nine new firms which we hadn't used before.

MR. HIERATH: If I may ask one more question, Mr. Chairman. The uniform final exams that you're stating in your budget estimates with I think a \$62,000 increase: is that what a layman would consider the CA exam?

MR. VALENTINE: That is the CA exam.

MR. HIERATH: In the private sector do the students pay for that or does the company they're working for?

MR. VALENTINE: The firms pay for it.

MR. HIERATH: They always do?

MR. VALENTINE: Oh, yeah. I mean, we have to meet the competition.

MR. HIERATH: Sure.
Thank you.

THE CHAIRMAN: That's it? Thank you very much.
Wayne.

MR. JACQUES: Thank you, Mr. Chairman. Mr. Valentine, I've got four areas I have some questions on.

The first one deals with the supplementary estimate in appendix A and the comments in the conclusion paragraph of your letter. In answer to Mary's question regarding the \$1,045,000, the supplementary estimate, I believe you've indicated that it was included in that second column, which is budget. In terms of the temporary staff services line, where there's the \$2 million in that column, as I understand it, it includes the \$1,045,000 of the supplementary estimate. The question I have, therefore, going back to your conclusion paragraph and also then tying that back into your figures in appendix A, is that your total budget would be approximately \$729,000 lower than the budget, the budget being the original budget plus the supplementary budget of some seven weeks ago.

I make that to be primarily in two areas: strictly from the operating area, \$431,000 under expenditure, and \$298,000 in capital, which then I believe comes to the \$729,000. Bearing in mind that it was about seven weeks ago that the supplementary estimate was presented, at that time I do not recall any kind of heads up that there were other areas that would be underexpended and hence the \$1,045,000 really wasn't required in terms of the total budget. I'd just like your comments on that. I just found it surprising that we're going to be under budget by \$729,000, when only seven weeks ago we needed \$1,045,000.

MR. VALENTINE: Well, I guess seven weeks ago – more, actually, because by the time we did the work to get to the supplementary estimate, it was earlier than that – that's the view we saw of life at that point, and we've done two things since then. I think we've done something to try to bring the temporary staff services under control. As we say here, we've been through a number of other items and found some efficiencies that we think we can get, and we're that much closer to the March 31 year-end. So I would view this as good news, not bad, and it demonstrates that we did something about the problem. At the time, the Legislature was starting to look like it was going to open, and we had to deal with the issue because I have to get to the end of the year. I can't just stop and tell people to go home. So that's where we were.

10:02

MR. JACQUES: So those other items have really only come to light, then, in the last several weeks or so. Is that correct?

MR. VALENTINE: Oh, yes, that is correct.

MR. JACQUES: Your conclusion also says, "While we are still forecasting to expend the amount requested by supplementary estimate . . . efficiencies are being found in other line items." Temporary staff services itself is forecast to be about \$171,000 lower than what the budget was. I know that \$171,000 is part of the overall lower operating which makes up the \$729,000, but when I saw that amount vis-a-vis the statement, I didn't quite understand. It says that we're going to expand what we wanted for temporary staff services, but we're showing \$171,000 less in terms of the forecast. I'm just trying to reconcile the two there.

MS NORMINTON: The \$1.8 million is an estimate based right now on prior year's usage. I follow a chart of prior year's usage. Based on the audits planned, I think we will use \$1.8 million or more. But following the cycle of prior year's usage solely, we'll use \$1.8 million. Also, we haven't factored in the increased fees which we just received notice of. So that could be a factor that could take us to the \$2 million. But there is a savings. We did take action to reduce our reliance on temporary services. We were already doing that when we came for a sup estimate.

MR. JACQUES: Okay. So at that point it appeared that probably the \$1,045,000 was going to be required.

MR. VALENTINE: Pardon me?

MR. JACQUES: At the time the \$1,045,000 was dealt with by the committee, my understanding was that that amount was thought to have been required to be expended.

MR. VALENTINE: By March 31.

MR. JACQUES: And the conclusion also says that, but the numbers don't say that. That's why I'm trying . . .

MR. VALENTINE: I'm sorry; the numbers don't say that?

MS NORMINTON: He's wondering about the \$171,000 reduction, the \$1.8 million.

MR. VALENTINE: I'm not with the numbers here.

MR. SAHER: Wayne is reading this: "while we are still forecasting to expend the amount requested by the supplementary estimate."

MR. VALENTINE: Yeah.

MR. SAHER: Whereas we are showing a slight difference.

MR. VALENTINE: Oh, I see. It's the difference between the \$2 million and the \$1,829,000. Well, I'm sorry; I think we're just doing the best forecast we can do with the numbers, and if we're within \$100,000 at the end of the day, I think it's fairly close.

Our forecast at the moment is what you see here. If we did another forecast next week, I'm sure the numbers would be slightly different, because, you know, you don't get in to do a job in the time you think you're going to. You use other staff or a different rate structure. There's a variety of things that could happen to it. I'm sure that if we came with another forecast in a month's time, there'd be a slight difference in the numbers and how the play goes.

This is the estimate of the day. It's done with as much care as we can put into it and recognizing what we know about the world today. I don't know, for example, what the wage settlement will be.

MR. JACQUES: Thank you.

A second question, Mr. Chairman, is on page 2 under that first bullet. There's \$147,000. There was a little bit of discussion – and I can't recall who asked the question – with regard to vacation payouts. The reason I'm asking the question is that I was assuming that at the end of any kind of fiscal year you would be recording an accrual with regard to any outstanding vacation so that the cost you may have in any given year would essentially reflect the difference between what that accrual balance was that one year versus the other year. Is that what this is when it talks about vacation payouts?

MR. SAHER: If I could try to answer that. Although the language says "payouts," and that may suggest on a cash basis, it's not intended to mean that. It's on a full accrual basis.

MR. JACQUES: Right. I just wanted to clarify that one. Thank you.

Then on the bottom of the page, the last bullet: "\$82,000 – Learning account balances for each employee are being fully recognized for accounting purposes." I have a question there because I don't understand the statement. It almost conjures up an entitlement or a commitment that somehow is being assigned or has been valued for each employee, which again is being accrued. Well, actually, I don't understand that for accounting purposes.

MR. VALENTINE: Well, we anticipate that all of our staff will take advantage of the program. In the past we used a number that was based on the historical usage of it, which was far from the total staff taking advantage of the program. But the program is better understood across the sector now, and we're in fact encouraging our staff to use the program and enhance their skills. So it's part of the counseling that goes on for our staff each year to look at what they've done, what they've used in the learning account, and even make some suggestions. For example, if someone is not a particularly good presenter, we then encourage them to go over to Grant MacEwan College and take a program that will assist them with their public-speaking skills, and that comes out of the learning account.

MR. JACQUES: And I understand that. If it were stated, I guess, that you anticipated that there were going to be more programs taken by employees next year and hence a higher cost, I wouldn't even ask the question.

MR. VALENTINE: Well, that's essentially what we're saying.

MR. JACQUES: Oh, okay. But it says, "Being fully recognized for accounting purposes." It just implied something.

MR. VALENTINE: It's not meant to imply anything.

MR. JACQUES: Okay. Thank you very much.

Just following up on my colleague's question with regard to agent professional services, Mr. Valentine, you outlined three areas for which you principally engage agents. Because of the consistency and the difficulty, if you'd like, that you're having in terms of attracting and recruiting staff and hence at times having to get temporary staff services, I guess it begs the larger question of the strategical planning basis as to whether or not there would be benefits from expanding the agent professional services to do other audits even if they were closer to Edmonton and closer to Calgary. In other words, you could go into a bid process in terms of audit engagements and hence perhaps have more certainty with regard to

having those done and try and relieve some of the pressures you're experiencing in terms of getting and retaining professional staff to do those audits. Has that ever kind of been looked at from that point of view?

MR. VALENTINE: I watch the agent issue constantly. I think we use agents appropriately, I think we use them to their capacity to deliver the services, and I think we make sure we're getting good service from them at appropriate rates. For example, within the regional health sector there's a fair amount of re-evaluation of agents on a regular basis, which includes fee proposals. So I'm of the view that we're right about where we should be. We cautiously involved agents in two departmental audits last year that were successful. We're moving on this year. We'll probably add another departmental audit in the fall. I think the process runs very well.

10:12

MR. JACQUES: Thank you, Mr. Chairman.

THE CHAIRMAN: Okay. Thank you.
Now Gary Friedel.

MR. FRIEDEL: Thanks, Paul. I want to get back to the capital portion of computers again and your representation on full replacement every three years rather than a third every year. I have no problem with the concept of why you're doing it. Reading into this, however, that in order to move to a single configuration of hardware, notebooks and desktops would probably all be replaced at the same time or otherwise you would still have a disproportionate mix of one type of machine to the other because internally they're very similar, I'm wondering about the bottom of page 4, where you talk about the redevelopment and replacement of management information software, and whether that is also something that ties in with new equipment so that it's appropriate to the newest hardware that you have in-house, leading to the question: okay; if this all happens at once, obviously this looks like this could be sort of a roller-coaster budget, with every three years a very significant expenditure and then next to nothing for two years.

The first question: is that an accurate representation of what will happen, or is there some way of amortizing, or do you amortize this in any way so that the same or similar expenditure can be shown for each of three years? I'm also wondering whether, in doing that, something equivalent to a lease, where you pay the same amount every year, might be applicable? I also recall that you said something about how you dispose of hard drives without security risk. I'll leave that as the first question, sort of several threads of one question.

MR. VALENTINE: The \$200,000 has not really got anything to do with the laptop and desktop replacement. The \$200,000 is our, for lack of a better term, time and billing system, our own internal information system to run our business. That program needs to be dealt with. We use one that is quite old and really does not have the horses to do what we need to do in the current environment. We thought we could get that done. We brought that to you probably two years ago, I guess. We certainly talked about it last year. We thought we would get it done in the current year, and we haven't. We're moving it into the year under discussion. We're just waiting to make sure we get exactly what we think we need and we get those undertakings before we proceed with the expenditure there.

As to leasing laptops and desktops, frankly I think you're just putting the interest costs into somebody else's pocket, and I don't see any efficiency gained by leasing. It has the further thing that you don't own the asset at the end of the day. And I'm concerned about what's on those hard drives. The government generally is going to

have to deal with that issue. Hopefully, at some point we'll be able to clean hard drives to our satisfaction and move on and dispose of them in the usual way. As you know, after three years or four years a laptop hasn't got a helluva lot of value to it, so we're not talking very big dollars at the end of the day.

You talked about amortizing. Well, of course, when we make a capital purchase, we capitalize the cost of those capital assets on our books and we amortize it over time. That's in order to put the cost in our income statement over the appropriate period of use of the asset. The government has decided to use this three-year-life concept and to use the concept of buying common equipment, and we're just picking up on that. If you think that the budget is going to go up and down every three years, you're absolutely right; it will. That's the product of that kind of a management decision. I don't think it's appropriate to try to make the books look like some sort of smooth thing when it isn't. The fact of the matter is that those purchases will be made on a three-year basis. So the accounting will reflect exactly what the business decision was.

MR. SAHER: It's clearly a blip in cash terms. If you observe in appendix A, where we operate on an accrual basis, the cost of the decision is in effect, if you will, smooth through the use of amortization. So if one moves to replacing the fleet every three years, yes, there would be an incremental cash request every three years but that doesn't translate into . . .

MR. FRIEDEL: What does the third-last column reflect, then, in appendix A? Does that reflect the projected cash purchase of all of these units or one-third?

MR. SAHER: No. It reflects the cost of consumption of those units over time on an accrual basis. Our operating expenditures include the cost of doing business, and the cost of doing business includes the cost of consumption, if you will, of those capital assets at the time. So, in effect, one could say that there's really a sense of double counting here, because at the bottom is the cash request. The cash request is in effect reflected in the consumption cost over time in the operating costs above.

I'll try to put it another way. By authorizing the cash cost now, you're in effect authorizing the consumption cost over time. I mean, it's inevitable that the machines would have to be amortized, and thus that is the cost that would flow through the operating statement over time. So, in effect, by authorizing the cash now, you are actually authorizing the amortization cost in the next years.

MR. FRIEDEL: I'll have to admit you're losing me a little bit.

Looking at the fourth number from the bottom in both columns, the capital investment, \$556,000 to \$1.012 million, I'm presuming reflects significantly the computer purchases. Is that the onetime cost of replacing all the computers, or is that one-third?

MR. VALENTINE: That's the onetime cost.

MR. SAHER: It's the onetime cost in cash terms.

MR. VALENTINE: Our operating statement will reflect that over the life of the use of those assets. If the life is five years, it will be a fifth a year. If the life is 10 years, it will be a tenth a year.

MR. FRIEDEL: So, in other words, the cash call next year should be back down to . . .

MR. SAHER: I think that's well illustrated.

MR. FRIEDEL: Probably not zero because there's always going to

be some replacement or, you know, some add-ons, but essentially this will be a one-in-three-year . . .

MR. SAHER: Call.

MR. VALENTINE: And you should be seeing that come forward in all the departmental budgets because it's going to be a subject for everybody.

MR. FRIEDEL: No, I'm not arguing it. I'm just asking now if that's what's reflected.

MR. VALENTINE: You're quite right. You're quite right.

MR. SAHER: Mr. Friedel, I think you can see that, because if you work horizontally, you'll see computer systems at \$785,000 and then down to \$55,000 for the subsequent two years.

MR. FRIEDEL: So next year and the year after we get a bonus. Okay.

MR. SAHER: You've funded it in advance.

THE CHAIRMAN: Denis, you had a question?

10:22

MR. DUCHARME: Mr. Valentine, I have some questions regarding the temporary staff costs. Some of the questions you've already answered through questions that my colleagues have asked.

Back in October when we met for the supplementary, you indicated at that time that temporary staff was costing your department roughly about \$106 an hour, compared to your office costs for staff, roughly about \$59 an hour. Basically your savings are 43 percent if you're able to use your own staff. In your budget this year you indicate that you're looking to increase by seven employees, bringing you to an FTE of 117. You also indicate that your ideal staff for full-time equivalents would be 126. You've indicated that it's very difficult to hire these people, but I'm curious as to why there might not be even a greater effort in terms of being able to recruit up to 126? I just did some rough math. Correct me if I'm wrong, but I'm making the assumption that roughly another \$550,000 a year in staffing costs would bring you up to your ideal 126 FTEs. So you're basically saving, roughly, about a million dollars a year in temporary costs. Also, I'd like to hear your comments as to: if you were able to staff up to 126, what effect would it have on your dollar savings on the agent fees?

MR. VALENTINE: Well, dealing with your last question first, I don't think it'd change agent fees a lot, because, as Mr. Hierath was questioning me, I think there's a role for the agent in the delivery of legislative audit services in the province of Alberta. I think we have a model that is very progressive, in fact the most progressive in Canada, and I wouldn't suggest that we should turn the clock back.

On the question of hiring, of course we do our best to meet the market, but we don't pay signing bonuses and we don't do a variety of things that the private sector does. So in some senses the public-sector pay and benefits system is a handicap.

Having said that, there are other reasons. Some people do not want to work in the public service. That is a myth that in my little way I'm trying to dispel, but I'm only one of a few guys that thinks that spending some time in the public service is an opportunity that is unique. I'm sure that members of this committee have heard me expound on that.

We recruit hard. We told you at the time of the sup estimate that

our best recruiting is at the college level: get the young people in the office, have them see what we're doing, have them get excited about what we do, and hopefully mature them up to the senior ranks in the office.

The other thing is that whenever we've had success in this province – and I'm looking back on a 40-year career – the one thing that comes out of supply is good financial people, and we're in one of those successes right now. So while I'd like to hire these people, Denis, they're not there. We've been all over, and we recruit every day in my office, I can tell you. It's not a weekly exercise; it's an everyday exercise.

But your numbers are right. I don't deny your numbers at all.

THE CHAIRMAN: Okay. I think that's all for questions, so I want to thank you very much for coming, Mr. Valentine and your staff. We're going to hear all the presentations today, and we'll make our motions at the end of the day on the questions.

MR. VALENTINE: Great. Thank you, Mr. Chairman.

[The committee adjourned from 10:25 a.m to 10:30 a.m.]

THE CHAIRMAN: Okay. If I could have your attention, please, we'll go on to the next presentation by our Ombudsman, Mr. Scott Sutton. Welcome Scott.

MR. SUTTON: Thank you. Good morning, everyone.

THE CHAIRMAN: I'd just like to remind our members that we had allocated an hour for presentation and we're already over half an hour late, so we'll try and compress it so we don't run half an hour late at every presentation.

MR. SAPERS: I think we should give the Ombudsman his full due.

MR. SUTTON: Thank you. I think we could adjourn then.

MR. HIERATH: You don't need a budget?

MR. SUTTON: Oh, just what you have in front of you.

Before we start, I'd just like to introduce my assistant Dixie Watson. I think most of you have met her.

Thank you, Mr. Chairman, and good morning, committee members. My comments this morning will be brief. You have before you my business plan for the forthcoming year, which includes the operational results for the fiscal year '99-2000 as well as my proposed business plan for the period 2001 to 2004 and related budget figures.

Two years ago I appeared before this committee and put forth a multiyear business plan and financial strategy, and last year I reinforced that plan and sought from this committee a level of trust and flexibility in discharging my financial responsibilities as Ombudsman. I'm pleased to report that I've been able to maintain that confidence that was given to me last year. Expectations remain as they have in the past, and I would ask this committee to give their support for the continuation of the multiyear plan that was approved last year and the preceding year.

We have set a course that is based on actual as well as expected needs, that's strategic in its concept and built on trust and realism. I've held fast to that plan, and I see it serving the office well for the foreseeable future. Aside from suggested Treasury Board adjustments for expected government employee annual salary increases, this year's budget holds fast to last year's proposals.

Due to the nature of my mandate, the largest proportion of financial resources consumed by the office is in salary dollars. Last year this committee apportioned resources for positions that were expected to be filled because of impending legislation, and my commitment to you at that time was that I would not fill those positions until such time as there was a demonstrated need. The expected legislation has yet to be finalized, and although the expectations remain the same, people were not hired, and as such you will note that salary dollars for three positions were returned to Treasury.

Since I last appeared before this committee, much has transpired in the office. Positions and job descriptions within the office are under review, incorporating the new Hay system, with the investigator positions already being completed.

The office itself was physically relocated at the request of Alberta Infrastructure to a new location at the Canadian Western Bank Place on the corner of Jasper Avenue and 103rd Street. This relocation has provided increased accessibility and visibility to the office as well as a far more professional yet friendly venue for our clients. The design of the office incorporates increased accessibility, operational efficiencies, as well as future planning, which includes the proposed staffing allocations contained in the business plan.

I have seen some progress in obtaining the much-needed amendments to the Ombudsman Act, and I remain optimistic that these amendments will be brought before the House.

I'd just like to close by saying that this committee is to be commended for its support of the strategic plan for the office of the Ombudsman. It's a plan that is based in part on proposals and expectations; nevertheless, it's a good plan founded on sound judgment. I'm pleased to be able to come before you this morning and report that I'm holding fast to that multiyear plan.

Thank you, Mr. Chairman.

THE CHAIRMAN: Thank you very much. Now we'll have some questions. We can start with Gary.

MR. DICKSON: A couple of questions, Mr. Sutton. Firstly, I think it was in January 1999 that the new case-tracking system was rolled out in Alberta. This is the one that you got from B.C.

MR. SUTTON: That's correct.

MR. DICKSON: The whole idea of getting that, I understood, was to be able to provide just a more detailed kind of tracking of complaints overall in the office. At least one of the things I've noticed – there's lots of good stuff in the report, but I thought that we'd be able to do some more analysis in terms of length of time from complaint until resolution, you know, some of those other things. You've got, if I might say, the usual sort of perspective where you highlight certain complaints dealt with and resolution, and you've done some quantification in terms of source departments and so on, but I guess I expected that we'd have some different things we'd be able to monitor because we've now had the benefit of a couple of years with this more sophisticated tracking system. Am I just jumping ahead here? Am I expecting too much?

MR. SUTTON: No, absolutely not, and your question is a valid question. We are tracking an awful lot more, and we are using it for a lot more analysis, whether it be the recommendations, whether it be statistical gathering or whatnot. No, it's not contained an awful lot in the annual report. Now, I guess there's a place for that, and some of the stuff that I am obtaining from that tracking system is not suitable for that annual report, I don't think. It's more for a

management perspective.

MR. DICKSON: Okay. Mr. Chairman, if I can, I've got a couple of other questions, and then I'll surrender the floor.

In your annual report one of the other items I thought was interesting. There was some progress made in terms of Crown debt collection. That had been a concern that you've identified some time back. You say that some progress is being made there, but there are still outstanding issues to finalize. Can you give me some sense of what outstanding issues still exist around collection practices? This is something that you see at the constituency office level frequently.

MR. SUTTON: The reference there is that there are still several outstanding complaints that we have not yet finalized, and one of them deals with some minor procedural matters, but overall I was pleased with being able to resolve a lot of those issues surrounding a number of other complaints. That's where that comment comes from.

MR. DICKSON: Okay. I'm just trying to understand whether I'm going to see fewer calls to my constituency office from people that have a host of problems with what I'll call the collection practice of debts to the province.

MR. SUTTON: As far as it relates to the process and how that's handled, I'm hopeful that the answer to that question is yes. There are always going to be Crown debts that will be recovered, but the manner in which it was being done was the one that concerned us greatly.

MR. DICKSON: Okay. The other one. You've very fairly dealt with the contingent element of your budget for the last – is it the last two years we've been dealing with this health thing, which we thought was on the horizon and coming and hasn't yet? On page 4 of your report you talk about the Ombudsman being included in the complaints resolution process of regional health authorities. Have you got a date now when that's going to happen?

MR. SUTTON: No, sir, I don't have a date, but as of this morning there were six schedules under the Health Professions Act that are ready to go. There have been public statements made in the House about the regional health authorities, and I guess this spring will determine what's going to happen. We're not sure what's going to happen this spring, but I'm anticipating that a number of these things will be progressing in the forthcoming year, yes.

MR. DICKSON: Do you have an understanding as to a date or an approximate date when regional health authority complaints will be able to be directed to the Ombudsman's office?

MR. SUTTON: Well, we have to make some minor adjustments to our act before we can act on regional health authorities, and that's in the definition of the word "agency."

MR. DICKSON: Okay. Then I guess the other issue is legislative amendments to the Ombudsman Act. In your annual report I notice that you note – you're a very optimistic guy – there's some progress. I don't remember the wording that you used, but you had a sense that there's some progress being made. What kind of progress are we making in terms of getting those amendments done to the act?

MR. SUTTON: We finally have elevated it from committee in discussion and discussion and more discussion to the Minister of Justice. The wording of all the amendments has been more or less agreed to with the exception of two, that I'm still working on, and I've received verbal assurance that they will be carried forward by the Minister of Justice. So that's some progress.

10:40

MR. DICKSON: The other thing I was going to ask. I mean, I look at your advertising budget. The actual amount expended in '99-2000 for advertising was \$2,200. In fact, the forecast for 2000-2001 was \$12,000, although \$30,000 had been budgeted. Just keeping in mind the fact that you've sort of consistently underspent in that category, I had an observation when I first saw your annual report. We get lots of annual reports in the Legislature from the legislative offices and other departments, and my first reaction is that this is an awfully slick, what appears to me to be a very expensive kind of publication. Can you give me some sense of how much more expensive the annual report is this year than in the past? We don't usually see government reports appearing quite like this.

MR. SUTTON: It wasn't a significant difference.

MR. DICKSON: It wasn't, eh?

MR. SUTTON: No. It was with the same company that we've contracted in prior times.

I think your question is two-part: one with the report and one with the expenditures on advertising. Now, moneys were allocated or budgeted in there, bearing in mind the regional health authorities, the Health Professions Act, and a few other things that, again, you as a committee and I in my position have been trying to deal with for the last couple of years. Again, expectations remain, and those moneys were proportioned for that particular need.

As far as the annual report goes, yes, we did try to do some improvements and tried to bring it up to what I felt was the proper reporting procedure. I feel that we're close to that now, and it wasn't significantly more than it was in the past.

MR. DICKSON: My final question, Mr. Chairman, and thanks for your indulgence, committee members. On the contract services, can you help me understand what we're talking about there when it comes to contract services? I don't think so much of the Ombudsman's office contracting out as we're accustomed to with the Auditor General, for example, and some of the other offices.

MR. SUTTON: Okay. One aspect that we're contracting to, of course, is that we contracted out some services to Treasury, which is going now into the centralized area. There are fees paid for that.

MR. DICKSON: I'm sorry. I don't understand what you mean by that.

MR. SUTTON: For example, some of our human resources and whatnot, because we're such a small office, are contracted to Alberta Treasury and Alberta corporate service, which are now going to be sent over to the Alberta Corporate Service Centre to deal with some of those issues. Those are contract services that we pay for. That is just one example. We do microfilm files that are here – that is another example – legal opinions, if I have to go out for an outside legal opinion; temporary staff, if I have to require that. Does that give you a flavour of what that's for?

MR. DICKSON: I guess it does, but it just begs one other question.

There's always this tension with legislative offices that are independent of the executive branch. Have you explored other options before you sort of rolled in with the executive on some of those HR elements you've identified? Are there no other options in terms of working with some of the other legislative offices or some way of ensuring that vital staff compensation elements aren't controlled, if you will, by the executive branch?

MR. SUTTON: I'm very conscious of that, and yes, we do explore all other options. I'm not marrying up with any situation that would compromise that independence, and I'm not engaging in things that would compromise that independence. We meet regularly with the other leg. offices to say: you know, how can we as legislative offices, bearing in mind the numbers of people we have, maybe consolidate or maybe work together in certain areas? We do that once a year, explore those options. As far as what I am doing now, it's just a realistic approach. With an office of 20 people you don't use employment moneys, let's say, to do something when you can contract a service that doesn't impair your independence.

THE CHAIRMAN: Thank you.
Howard.

MR. SAPERS: Thanks, Paul.

Thanks for your opening comments. This wasn't one of my questions, but you said microfilm, and that caught my attention.

MR. SUTTON: Microfiche.

MR. SAPERS: Oh, okay. So you're still not going paperless or to digital, electronic records, still keeping film copies.

MR. SUTTON: We're still microfiching hard-copy records, yes.

MR. SAPERS: Is there a reason for doing it that way?

MR. SUTTON: Well, some of our legislation says that we've got to keep records for a certain period of time, and that was one of the reasons. Then instead of filling up a warehouse with paper, we microfiche them.

MR. SAPERS: Right. But the record could be kept in a digital form, too, which I think would comply with the legislation.

MR. SUTTON: They could be kept electronically. Just a second. I've got a reason why.

MR. SAPERS: Okay.

MR. SUTTON: I'm just being advised that we have looked into that, and we're just wrestling with some costs associated with that.

MR. SAPERS: Okay. Thanks.

My questions were actually about the assumptions used in the budget, which is on page 7 of the material you provided to the committee. Leaving aside manpower estimates, which are based on, as I understand, sort of pan-government forecasts, all the supplies and services line items more or less reflect a straight-line 5 percent increase in the 2001-2002 estimates over the 2000-2001 budget. I guess I was a little surprised to see that, particularly because if you're expecting, you know, 5 percent inflation driving those costs this budget year over last, then I guess I would have expected to see some of that same projection in your 2002 onward target figures, but you're holding those constant over the period. So my first question

is really: what kind of assumptions did you use that would result in a straight-line 5 percent increase in one budget year and then no projection for an increase in subsequent budget years?

MR. SUTTON: Okay. That's based on actual expended funds, bearing in mind that this year we moved offices, changed buildings, and Infrastructure paid for all operational associated costs. I was left with all the administrative costs. There are funds in there expended for that. I do think – and you see the next three lines – that it remains constant, and the reason it's staying constant is that we have not fully expended those funds in the past, and I'm expecting to be able to maintain that.

MR. SAPERS: Well, I don't understand your answer completely. The 5 percent increase doesn't appear to be over the forecast, which would be your actual costs. Let's look at insurance, for example. The actual cost forecast is \$4,700. The budget was \$7,200. The 5 percent increase is on the \$7,200, not the \$4,700, so there doesn't seem to be a relationship to actual cost. The estimates are all based on your budget, but given your answer, which was "Well, the inflationary costs were based on the actual expenditures," the actual expenditures almost invariably were less right across the board in the budget. So I don't understand your answer.

MR. SUTTON: Well, part of it, in dealing with the insurance aspect – you know, I'm not going to respond just to that right now – that goes from \$7,200 to \$7,600. Is that where you're asking that question?

MR. SAPERS: Well, I was only using that as an example. We could have looked at almost one of these and made the same observation.

MR. SUTTON: Okay. Again, I want to go back. We went into this new building and were holding fast to that multiyear plan. There are several other offices that are totally equipped waiting to be occupied. There are costs associated with that. You know, that's pretty well where we ended up with that 5 percent increase in that one year. That was an awful lot of that, even though there are line items that can be moved around in there.

MR. SAPERS: Okay. Well, let me try one more time. Inflation projections are around 3 percent and less. You're doing some straight-line projections here, and it's actually a little bit more than 5 percent. It's like 5 percent and then rounded up to the nearest zero right across the board, and then you're holding it constant. I guess I just don't understand that as a budgeting practice. I can understand you saying: okay; we're going to make an assumption that inflation will count for this much growth in our budget this year. But if that were the case, then I would have expected to see that in your estimates subsequently. So I just want to know why it is that it's 5 percent across the board this year and not related to the actual expenditures but only to the budget and then you show no growth in subsequent years.

10:50

MR. SUTTON: Well, it's not tied to inflation. It's tied to relocation. Does that make sense to you?

MR. SAPERS: Well, actually no, given your answer. I would see that if the increases were somehow related to the column that says, "2000-01 Forecast." You seem to be tied to the budget, not the forecast. So if it's relocation expenses, then I guess I would have expected to see some variation.

MR. SUTTON: Again, some of it was relocation. Some of it's in

projection of expanded jurisdiction that is sitting there pending what we thought was going to happen this particular year, for example. It's going to happen next year. Then after that, I felt we could hold fast to what we were doing with our administrative costs.

MR. SAPERS: Okay. So you're just not expecting to see any growth in the future.

MR. SUTTON: On the administrative side, no. What we did was a multiyear plan. We did a projection. We said, "This is what we're facing down the road," and we budgeted for that. Then we said: okay, for the subsequent three years we can hold fast, providing we get to that one level.

MR. SAPERS: I was just surprised that the estimates weren't more related to the forecast figures, the growth and the adjustments.

MR. SUTTON: Well, in some ways they are and in some ways they're not, I guess, on the administrative side. The other side does follow along with that.

MR. SAPERS: Thanks, Paul.

THE CHAIRMAN: Okay. Thank you.
Now, Wayne.

MR. JACQUES: Well, thank you, Mr. Chairman. Mr. Sutton, just looking at that budget form, with regard to the top part, which is basically salaries – and that's, of course, your greatest cost in terms of the total – I couldn't see any kinds of assumptions outlined with regard to salaries permanent in terms of additional manpower, which you're obviously reflecting in the budget year together with some percentage increases. In kind of working with the numbers, your salaries permanent line is 22 percent higher in the 2001 estimate versus the forecast of this year. It's up 9 and a half percent versus the budget. I assume, of course, what's happened is that the budget had certain assumptions with regard to increasing staff because of the change in the scope of work, which you had outlined previously. That didn't occur, but now you're making, obviously, the assumption it's going to happen in 2001-2002. What I'm trying to get at is: what is the cost of that, quote, person or persons that is reflected in there vis-a-vis what is reflected as an inflationary cost in terms of salaries?

MR. SUTTON: If you go from 2001-2002, it shows an overall 6.7 percent increase. I think that if you took those salaried positions and removed that from that, you'd be around 3 percent. Does that answer your question?

MR. JACQUES: No.

MR. SUTTON: No? Okay.

MR. JACQUES: Let me ask it the other way then. What is the amount for additional staff that's in the 2001-2002 estimate, which is \$1,083,000, compared to the comparable forecast in the column adjacent to that, which is \$887,000? In other words, of that difference, which is \$196,000, how much of the \$196,000 is new employees and how much is increase to existing staff?

MR. SUTTON: It works out to about \$104,000, I think, and that works out to \$40,000 an individual. I guess I'm not clear in what you're asking me. You know, there's a difference in moneys there. It's three positions, so if you just divide that by three. The salaries are for the positions.

MR. JACQUES: I understand that. But your forecast right now has X number of people. It'd be \$187,000. Is that correct?

MR. SUTTON: Yes, it is.

MR. JACQUES: Whatever that X is?

MR. SUTTON: Yes.

MR. JACQUES: The 2001-2002 estimate, \$1,083,000, has Y number of people.

MR. SUTTON: It has one more than it did the previous year.

MR. JACQUES: Okay. Then what is the amount that's inputted in there for that one more person?

MR. SUTTON: I think it's \$40,000. You see, Mr. Jacques, it works out that right now we are carrying three at \$104,000, and we budgeted in \$40,000 for an additional.

MR. JACQUES: Then what makes up the difference between \$40,000 and \$196,000; in other words \$156,000?

MR. SUTTON: Maybe we're not seeing the same numbers, but there are the four positions plus what we've built in from Treasury Board guidelines, which I think this year was 3 or 4 percent. You know, I'm looking at \$989,000 as compared to \$1,083,000.

MR. JACQUES: Okay. That increase is 9.5 percent.

MR. SUTTON: Okay. I don't know what the percentage would be, but I know that it wouldn't work out to \$190,000. We're doing some quick figuring here so that I can answer your question a little more clearly. How much is it?

MS WATSON: It's \$93,700.

MR. SUTTON: Then I gave you \$40,000 so that leaves us . . .

MR. JACQUES: What was the \$93,000 again?

MR. SUTTON: It was \$93,000 between 2000-2001, 2001-2002, and that includes a new position plus the additional 3 or 4 percent that Treasury Board has advised us to include in there.

I'll give you exact numbers here. Based on what Treasury Board has told us to factor in as to annual increases or increments, whatever, it's \$48,000 within the total salaried staff. That included with the \$40,000 for the position works out to \$88,000 or \$90,000, and that makes up the difference between the two years.

MR. JACQUES: It doesn't add up.

MR. SUTTON: Do you want to try it again?

11:00

MR. JACQUES: First of all, it's line 710000. It's the very top line of your business plan. That's the line I'm dealing with. Okay? The three numbers that I was keying in to are the comparable 2000-2001 budget, which is the amount that was approved, the comparable 2000-2001 forecast, which I assume is your best estimate at this point as to what your costs are going to be for the current fiscal year, and the third number is \$1,083,000, which is your best estimate based on certain assumptions with regard to your manpower costs

for salaries permanent for 2001-2002. Those are the three items I'm dealing with.

In reading your introduction to all of this, your \$989,300, which was your original budget, was approved. Included in there are certain assumptions with regard to scope of position which would necessitate an increase in manpower. That did not occur, so your revised number is \$887,000.

MR. SUTTON: That's correct.

MR. JACQUES: Okay. Next year you are estimating that your total salaries permanent cost will be \$1,083,000.

So what we have is \$887,000, your best estimate today, for this year, which costs represent X employees' certain salaries. The difference between \$887,000 and \$1,083,000 I make to be \$196,000. Can you confirm that?

MR. SUTTON: Yes. I can explain that a little better now. The budget that was approved last year was for three additional positions from the prior year. Three people were not hired, and that's why you have the forecast number. What I'm saying this year is that the same expectations are there as for the previous year, so I'm saying carry those three. In the long range plan we had one additional, so that's where that works into. It's salaries for four people plus inflationary numbers. Does that make sense to you?

MR. JACQUES: Can you tell me what the number is for those three people that you're estimating to be hired in 2001-2002 that forms that \$1,083,000? A part of that is new salaries that you don't have today.

MR. SUTTON: What percentage?

MR. JACQUES: No. The number.

MR. SUTTON: What part of it? I would say, other than \$48,000, all of it.

MR. JACQUES: Forty-eight thousand?

MR. SUTTON: Yes. There are four people. Other than \$48,000, which Treasury Board has told us to build in for those.

MR. JACQUES: So you're saying the difference, then, between \$196,000 and \$48,000?

MR. SUTTON: It's \$150,000, give or take, and there are four people there, and that comes in under \$40,000 per person.

MR. JACQUES: Okay. Thank you.

Now, as a follow-up, then, moving into the next year's target, 2002-2003, which is the figure of \$1,186,800, that appears to be 9 and a half percent greater than the estimate for 2001-2002. Is that correct?

MR. SUTTON: That's right, and that's an increase going back to the basic plan. That's an increase of one salaried position again over 2001-2002.

MR. JACQUES: Oh, another salaried position. Okay. That's what I'm trying to clarify. So all together, then, by the time you get to the end of 2002-2003, based on your assumptions, how many more people will be employed staffwise than what you have today?

MR. SUTTON: Five.

MR. JACQUES: Thank you. How many do you have today?

MR. SUTTON: I have 20 today.

MR. JACQUES: That's all, Mr. Chairman. Thank you.

THE CHAIRMAN: You're done? Thank you.

MR. FRIEDEL: I think Wayne kind of got to the meat of my first question. I was wondering, too, about the increases and then all of a sudden the significant drop in the 2003 budget. So just to make sure I understand it completely, the increase this year is for people over and above what your present contingent of staff is.

MR. SUTTON: The increase this year is one more than it was last year, but you have to remember that I made a commitment to the committee here that I wasn't going to hire people until – I needed the workload to determine that. So I carried three positions that were approved last year and haven't filled those yet, and I've returned the moneys for those. I'm saying that the same expectations that were there last year are here this year.

MR. FRIEDEL: But you expect to hire four new people this year.

MR. SUTTON: That is a good possibility.

MR. FRIEDEL: I mean, that's what you're budgeting for.

MR. SUTTON: That's right.

MR. FRIEDEL: And then . . .

MR. SUTTON: One the following year.

MR. FRIEDEL: One additional one the following year.

MR. SUTTON: Then after that, holding fast.

MR. FRIEDEL: Okay.

The second question I have is kind of along the lines of what Howard was asking about: the logic of using your previous year's budget for extending your numbers rather than the previous year's actual expenditures. I'm looking at a couple of them; the advertising, for example. You started out the year before with a \$2,200 budget, increased it to \$30,000 but only spent \$12,000, yet you straight-line the expenditures based on \$30,000. That's probably the most noticeable one.

MR. SUTTON: That's probably the best one to discuss, because again it's based on assumptions. If we go into regional health authorities in the spring, if we go into the health professions, it's going to take a massive amount of work on our part in advertising. That's what that's factored in there for.

MR. FRIEDEL: To a lesser degree it shows in travel expenses too, so that's the same thing.

MR. SUTTON: That's also the same thing.

MR. FRIEDEL: Wouldn't it be better for budgeting purposes to say: here's what the actual figures are in a particular year, adjust it for

unusual predicted circumstances, which certainly are valid, and look at the next three years of the business plan increasing somewhat? I mean, inflation is going to do something to your costs whether you like it or not. This almost looks like you may be being a little bit generous with your numbers in the first year, hoping that if you don't spend it, you're going to turn it back in, which we certainly notice and appreciate that you have done. Wouldn't it be better, however, to take a number that might be a tad more accurate for the first year and build in something like a 4 percent or 3 percent inflationary factor? This looks a little bit artificial, just in the presentation.

MR. SUTTON: Well, to be very honest with you, it's dealing with the unknown again. I don't know what's going to happen when some of that legislation comes down. I've been told it's going to happen. It's a matter, based on the best information you can obtain, of making a determination of where you're going to be and what you're going to need. I agree with you: if there were no new impending legislation, if there were no new this and no new that, I could give you far more accurate numbers based on actual expenditures.

MR. FRIEDEL: I'm talking more, though, of the presentation. We went through the same thing when we were reviewing departmental three-year business plans. In the case of the meetings I was at, there were two I recall specifically that had a straight-line projection. The point was made that we know there's going to be some inflation, even if it's only 1 percent. It would look better to have something built in slightly graduated rather than assume those prices are going to be the same. One of two things is going happen. Either you're going to have the correct amount in the first year – and then you're obviously going to come short in years 2 and 3 – or you're going to be a little underexpended in the first year to make years 2 and 3 come out as actual. It's just for looks.

MR. SUTTON: No, I understand that, but I'm looking at the whole administrative cost side of it in bulk form, and I still feel I can hold fast to that.

11:10

MR. FRIEDEL: I mean, this is your budget, so I'm not going to argue. The reason I'm making the point – and I want to emphasize this – is that we here have the advantage of asking you what this all means. Someone else out in the relatively uninformed public looks at this, and “what the heck is happening here?”

MR. SUTTON: I appreciate that. Again, I think where my difficulty has been is this unknown factor. There's not an awful lot of history that I can glean to get significant numbers. Okay?

THE CHAIRMAN: No further questions? Gary, you have one?

MR. DICKSON: Just one arising from a previous response, Mr. Sutton. If you look at data-processing services, it's projected in the estimate at \$88,600. I understood you to say before that the microfiche cost is picked up in the contract services item. Data processing seems like a large item, net of staff salary. Can you give me some amplification around that budget item, please?

MR. SUTTON: I can. Our network administration is costing us about \$61,000 a year. Our Oracle licences to run our system are about \$1,900 a year. We've done significant modifications to our case-tracking system. That was about \$8,000. Our PeopleSoft, which includes Imagis and all that, is about \$16,200 a year. We've

got it down to there.

MR. DICKSON: Thank you.

THE CHAIRMAN: Okay. We have no further questions. I'd like to thank you both for coming today, Scott and Dixie. What we're doing is going through all the presentations, and at the end of the day we'll make the decisions.

MR. SUTTON: Thank you, Mr. Chairman. Thank you, members of the committee.

[The committee adjourned from 11:13 a.m. to 11:17 a.m.]

THE CHAIRMAN: We're running late, so we're going to get back. We have our Chief Electoral Officer here to make a presentation with his staff. I guess, Brian, the floor is yours. After that, we'll ask you some questions.

MR. FJELDHEIM: Thank you very much. Well, hello, everyone. Best of the season.

MR. HIERATH: Buttering us up?

MR. FJELDHEIM: I thought it would be rough but I didn't think this rough.

I believe you all know or have had a chance to meet Bill Sage, Deputy Chief Electoral Officer, on my immediate left here, and Glen Resler, the director of registrations and financial operations. That's who we are.

I'd first of all like to thank all members of the committee for the support that we've received over the past year and especially the opportunity to conduct the confirmation of the list of electors, which we put forward last year at this time. At that time we asked for sufficient funds to visit each home in the province to update elector data that was collected in November of '96 and maintained in our register of electors. Five thousand confirmation officials visited almost a million homes in the province with elector information that had been collected previously. Electors were asked to confirm that information if appropriate, to delete those people that no longer lived at those addresses, to correct information that had changed – to add electors who had been missed last time and so on – and also to collect optional information: the date of birth, the gender, and telephone number to use in future data matching.

The Alberta register of electors now contains 1,809,171 electors, an increase of 154,710 from the '96 enumeration. Our data collection revealed that information from over 800,000 electors had to be revised or had to be deleted from the addresses under which their names appeared. Over 773,000 electors were added to the register or were recorded at a new address: those who became eligible to vote since 1996, those who were missed in 1996, and those who had moved since 1996. These additions included electors who were recorded at the 200,000 new addresses that we recorded.

Less than 35 percent of the electors had accurate information contained in the register and did not require any type of revision. That level of accuracy, in my opinion, would have been completely unacceptable for developing effective lists of electors. Albertans deserve better quality than that, and I believe our door-to-door confirmation process has delivered a very high-quality product. Our lists of electors are accurate and complete and will prove to be excellent resources for election officials and candidates. I'm not certain whether you've seen your lists or not, but that information was provided in late November to each political party that requested

it. Those lists will be used for the upcoming election with the addition of electors added during the revision period and also, of course, the ability to swear in on polling day in accordance with the Alberta legislation.

I would also like to stress that over 400,000 electors were deleted for various reasons, in many cases because they were not found at the address where they were previously recorded. That number includes situations where an elector has passed away and we have not been able to match a vital statistics record with the register information. That's one issue that's becoming increasingly evident as we move towards an automated system where updates are done solely through electronic data matching. A certain margin of error must be expected and accepted, I'm afraid. I think it's important to consider that because I'm well aware of the discomfort caused to both electors and candidates when a call is made to an elector who has passed away. That's something we're struggling with.

There are real challenges associated with door-to-door data collection as well. The trend in other jurisdictions is towards electronic data updating. At the same time, I hesitate to embrace new technology that is thus far unproven in our set of circumstances, especially if our quality will suffer. For that reason, I can't say that we'll never collect information by going door-to-door again. In fact, even electoral jurisdictions which have moved to a fully automated process still feature some type of direct elector contact either by mail or in person. At the same time, collecting information door-to-door seems to be getting more difficult, which is the main reason for moving to a system where data is updated continually on an electronic basis. Confirmation officials indicated that increasingly apartment buildings have security in place, making access difficult, and that an increasing number of electors refuse to answer the door. I'm sure our experience is not unique.

As mentioned before, some electoral jurisdictions have successfully moved to a purely automated system. We have offered a choice to electors, who can participate or who can opt out. Generally, participation rates are high, but there are electors who choose not to share data with us. One-quarter of electors this time did not provide telephone numbers; 20 percent did not provide birth date information; 7 percent did not provide gender information. Of course, that will limit our ability to do matching and so on. I appreciate that moving away from voluntary to mandatory data provision has huge ramifications. At the same time, we'll have to judge whether the voluntary information provided will produce results that are satisfactory to political parties, electors, and the administration of electors.

We have continued to move in the direction of forging partnerships with potential data suppliers. We recently signed an agreement with Elections Canada to share our data with them. They requested that updated information on October 16. We were able to supply it four days later, prior to the call of the federal election. How they used it I'm not sure, but they had the information.

We will not be in a position to receive information from the Elections Canada national register for six months from their election date, since our legislation specifies that a residency requirement of six months is necessary to vote in Alberta. In the meantime, though, we plan to review their data and see if it is applicable to our situation.

In addition, for our confirmation of electors this past fall we entered into agreements with the city of Red Deer and the municipal district of Wood Buffalo. They collected information for us in conjunction with their census activities. That resulted in some cost savings and I think considerable goodwill on the part of electors, who were advised that the cost of data collection was being shared and that we would only be knocking on their doors once to collect

similar information.

We've continued our meetings with Alberta Registries. We're hopeful an agreement to obtain address updates from their driver's licence database will be concluded sometime following the next general election.

As an aside, we were asked to showcase the Alberta register of electors system. We call it AROES. It's kind of a catchy title, I think. It's our Internet-based program for entering and storing electronic data for electors. At the annual meeting of Canadian election officials the program was very well received, and the chief electoral officers of Prince Edward Island and also of the Northwest Territories plan to use that for their upcoming data collection.

Our budget presentation will break out the costs associated with the continued development of the register of electors.

If anyone has any general questions regarding what I just had to say, I'd be pleased to try to answer them.

THE CHAIRMAN: Yes. Mary has.

MRS. O'NEILL: I have couple of them, just because I find your reporting very, very interesting, and I'm curious. First of all, did I hear you say, Brian, that you will never go door-to-door again?

MR. FJELDHEIM: No. I can't make the commitment that we will never go door-to-door again, because going door-to-door, in my opinion, is the best way to gather the data. You're on the ground; you're right there and talking to the electors. My point was that I cannot say that we will not go door-to-door again despite all this discussion about automating a register of electors where you'd simply download some of our aggregate data sources. That sounds excellent, but there are a lot of hurdles that need to be overcome before we can do that.

11:27

MRS. O'NEILL: Two other quick questions, Mr. Chairman, if I may. If a percentage of the people refuse to give you their birth date, how do they qualify as being of age to vote?

MR. FJELDHEIM: The Election Act says that you must be 18 years of age or older to vote. It's not necessary that you tell us exactly how old you are. You say, "I'm over 18." "Fine; you can vote. Will you tell us your birth date?" "No." "Fine. Thank you very much." Do you follow me?

MRS. O'NEILL: Do they sign or swear an affidavit?

MR. FJELDHEIM: The individual that we get the information from at the door signs the form, but they are giving information for all the residents at that location.

MRS. O'NEILL: The other is with respect to the federal data that you said would not be available to us until six months after. Is that data still helping us? Will it help us, or are we not going to have anything to read? What I'm trying to figure out is: in these intervening six months, are you still working with the federal database or the common database? What's the status?

MR. FJELDHEIM: We'll be working to look at that data, and when it is available, then we will look at including that information in our database. Obviously, we do not know when the next election will be called, and if the election is called six months after that, then there's the possibility of us incorporating that information.

MRS. O'NEILL: Thank you.

MR. DICKSON: Mr. Chairman, I was part of the Legislative Offices Committee that bravely decided we were going to lead the nation with the universal voters list a number of years ago, so I've got some concerns in terms of testing the assumption that this committee made whenever it was, five or six years ago. It doesn't show the cost here, but as I understand it, you're saying that it's cost us \$3.6 million to verify the list, if you will, as it exists now. Is that significantly less than what we would have paid in 1996, you know, in the last year before the last provincial general election? I can tell you, clearly it was never considered. I don't think the committee contemplated, when we went down this road – part of the advantage was to be a big cost saving. When I look at the cost and the effort that's been given to do what we call list verification, aren't we almost back at the same point we were when we were doing the formally styled general enumeration?

MR. FJELDHEIM: Yes. The cost of this in the fall was \$3,612,945. There is not a cost saving when you go out knocking on doors, but I want to make sure that the committee understands that there is not a huge cost savings when you talk about gathering this information from a variety of data sources. I appreciate that it was made clear to this committee at one point that you could save \$10 million to \$15 million over 10 to 15 years in doing this.

MR. DICKSON: Right.

MR. FJELDHEIM: I don't believe that's possible. I don't have the specific numbers in front of me to justify that, but when you get into this electronic gathering of information, it's not free from the people that you gather this information from. Like, "Here it is." For example, if we look at getting information from motor vehicles, drivers' licences and so on, those agencies are private. If we want them to collect that information for us, they're going to charge us. Rightfully so. I mean, that's their livelihood. That's what they do.

So, yes, this did cost the \$3.6 million that I talked about. I can say that in November '96 it cost \$2.14 per elector. This time it cost \$2 per elector. It's not a huge difference, I appreciate. In terms of doing the door-to-door or doing a complete downloading of data from a variety of data sources and updating, I think there's quite a bit of study that needs to be done by our office. I certainly want to make the committee aware of some of the ramifications that you get into when you start going to strictly a database registry of electors.

MR. DICKSON: So my follow-up, then – and I expect this will be after my time on the committee – is: in the \$750,000 in the estimates for 2001-2002, is there going to be funding available for the Legislative Offices Committee to sort of reassess the system? I don't know how else to say it, but it seems to me that we've sort of jury-rigged a form of enumeration without calling it that. I mean, we've sort of backed into an enumeration. It's for the right reasons, but that's effectively what we've gone back to. Is there funding available for you to advise the committee so we don't just go back to something called a door-to-door enumeration so that everybody knows? The rules are clear, and we not try and do one thing, really still talking about this elusive goal of a permanent voters' list.

MR. FJELDHEIM: Yes. It's under contract services, and we'll come to that. Certainly we would want to keep the committee fully apprised of which direction we're going and so on. But, again, I appreciate fully what you're saying in terms that the confirmation was an enumeration. In essence it was, although again we were taking data going door-to-door that we already had in our system.

There is a register of electors. The register of electors can be

updated by a variety of databases. We used Vital Statistics last time for the deceased. We got 19 percent of the deceased off the first time when we tried for an exact match. When we switched around first and second name, we got up to 23 percent of the deceased off. So that's one resource to update the register of electors.

Another resource is the door-to-door confirmation, and that of course is the main impact on the register this time.

MR. DICKSON: I'm not wanting to be argumentative, Brian, but what we've got is that in Calgary you were going to use census work that was being done by different municipalities at different times of the year in advance. In an area in downtown Calgary where the typical stay at the same address is only five months – you see, if you call it enumeration, then it's the same standard provincewide. The way we're doing it now, some places have more current data than others. You may be using a census that's done in Wood Buffalo in June and one that's been done in Calgary in November.

MR. FJELDHEIM: That's correct.

MR. DICKSON: So what you've got is a differential quality in terms of the accuracy of the list. At least when you do a provincewide enumeration, you have the same standard, you have the same timeliness, so there's no differential advantage or disadvantage around the province.

Anyway, this goes a lot further than your budget here, but I think in some fashion we have to address that kind of uniform list revision.

MR. FJELDHEIM: I agree.

MR. DICKSON: I'll get off my hobbyhorse, Mr. Chairman. Thank you.

THE CHAIRMAN: Very good.

MR. FRIEDEL: I was actually going to ask questions on the budget presentation.

THE CHAIRMAN: Oh, you want to wait then.

MR. FRIEDEL: Well, I can make the comment now. I'm finding the way you laid out the pages difficult to read. On the last page, for example, you do combine actuals, the 2000-2001 budget, and then go on to the three-year projections. Normally in a presentation like this, there would be a projected actual for the current year just to see how close you are to the current budget, which isn't in there. I'm wondering if in future you could take the elements as you have them and spread them out, you know, even crossways on a page, because it's a little hard to look at it and get a picture in mind of what's happening from one year to the next. I know yours is a difficult budget because it has feast and famine.

MR. FJELDHEIM: Well, yeah. But we can format it how we like.

MR. FRIEDEL: It would be easier to read is all I'm suggesting if you could combine the two elements on the same page for a recap. It's just an observation.

MR. FJELDHEIM: Okay. Thanks.

On our budget now. Oh, I'm sorry.

11:37

MR. JACQUES: I have some general questions for you, two questions. Going back to the issue of the 1997 election, as I recall

– we may have dealt with this question before, so excuse me if I'm repeating it. There was some difficulty in the '97 provincial election in rural areas where the establishment of a polling voting location was somewhat at odds with where the person lived type of thing. A lot of it at the time was put down to the federal scene, where we were entering into that co-operative time frame. Sometime between now and April of 2002 we'll probably have a provincial election. I'm just wondering: how are those going to be established? Are you going to establish them yourself using information that's appropriate to the province of Alberta as opposed to something from Ottawa?

MR. FJELDHEIM: Yes.

MR. JACQUES: Thank goodness.

MR. FJELDHEIM: What we did a year ago January – I should maybe first of all say that my philosophy is that the returning officers have to be involved in every step of this system. I'm obviously quite familiar with Alberta, but I'm not as familiar with each electoral division as the returning officers are in each of the electoral divisions.

We have completely redone the mapping. I think all of you understand that each of the electoral divisions is divided into these subdivisions, these smaller areas. We reviewed each and every one of those. The returning officer did it in each of the electoral divisions in the province to ensure that those subdivisions were appropriate for the people that are living in them. The polling place location is based on those subdivisions, and the proximity of the poll is, again, the responsibility of the returning officer. I can assure you we go into great, great detail to make sure that the returning officers understand the importance of the convenience for the elector in the location of those polling places. So, yes, a complete review has been done of those polling subdivisions since the last general election.

MR. JACQUES: My second question, last question, Mr. Chairman, other than the budget. I've been advised that the number of electors now, as a result of the process, appears to be in the order of 50,000 greater than in 1997. Is that correct, more or less?

MR. FJELDHEIM: I have enough figures here I can assure you; it's the right ones that are the problem. I'm going to let Glen look that up, and we'll address that a little later. Okay? We've got it here.

MR. JACQUES: The reason I ask the question is that on Tuesday there was a meeting of the Members' Services Committee, and in the budget for determining allocations to constituency offices, part of that is based on the number of electors.

MR. FJELDHEIM: Yes.

MR. JACQUES: So the overall global budget was being developed, and my understanding was that they were using the number of 50,000, which I understood was the result of discussions with the your department, but I'd just like to get some confirmation.

MR. FJELDHEIM: We gave them the number 1,809,109. So, yes, that did come from our office.

MR. JACQUES: Okay. Do you know if that difference was roughly 50,000?

MR. SAGE: Just over 45,000.

MR. JACQUES: Okay. Thank you.

THE CHAIRMAN: Ron Hierath, you had some questions now?

MR. HIERATH: Well, mine are more for later on the budget.

THE CHAIRMAN: Okay. So we'll talk about the budget then.

MR. FJELDHEIM: Our budget is set out to show an overview of the three elements that we have. One is the election office, which includes salaries and general costs related to the administration of the legislation we're responsible for. The second is the elections, the cost of conducting general elections and by-elections as well as the costs associated with our duties under the Election Finances and Contributions Disclosure Act. Thirdly, the register of electors, the cost associated with preparing and maintaining the register of electors in order to be able to prepare a list of electors.

If you're looking at page A, in the column entitled 2000/2001 Budget is what was approved by this committee last year. Under 2000/2001 Forecasts is what we expect to spend this year, and under 2001/2002 Estimates is what we are requesting for the next fiscal year.

Now, under the estimates, the proposed budget for the fiscal year April 1, 2001, to March 31, 2002, as you see, these estimates include funds for the possibility of conducting a general election in the period April 1, 2001, to March 31, 2002. Should the general election occur prior to March 31, 2001 – that's this fiscal year – the majority of these funds would not be required. However, it should be noted that an election occurring in March 2001, would result in some carryover of expenses to the next fiscal year.

Does anyone have any questions on that? That's our overview page: the budget that was approved last year, what we expect to spend this year under the forecasts, and what we are requesting next year. No? Okay.

If I could move on, then, to the detailed area, your page B. I'd like to highlight at the bottom of the page: "Included in the 2000/01 Forecasts are funds for the possible payment of the Employee Achievement Bonus Awards; the amount is \$18,905." I don't want to be presumptuous here, but we thought we should include it. As it says, "at the time these estimates were prepared no information was available regarding [this] . . . however, bonuses were paid in each of the two previous fiscal years." Obviously, if it is not forthcoming, then our forecast and what we will be returning will increase appropriately.

Just highlighting 711A at the top, salaries: it's slightly underspent due to the use of a wage person that we have hired. We will be filling this position now that we have more sharply defined exactly what we need. We did not want to go ahead and fill the position until we were sure what we wanted. We are at that stage now. The increase that we are requesting is due to union increments and general performance adjustments in line with public policy across the province.

The wages were overspent, under 711C, and that is due to not filling the full-time salaried position that I just referred to.

Allowance and benefits, 711F. We have increased that \$4,000. That is due to an increase in the importance I am placing on professional development for the staff. The cost of courses, I'm sure you appreciate, is increasing. The length of these course requirements is increasing as well. In moving more and more into an information technology environment, more funds need to be spent, I believe, on professional development. I understand that some government departments budget \$750 for each nonmanagement employee and \$1,500 for each management

employee. Now, we're not at that level, but I believe that gives you an idea of how I arrived at those numbers.

I want to comment on 712M, hosting. It's a \$300 increase. As I mentioned earlier, I believe in increased involvement with returning officers. They are the people on the front lines. They are the people that are in effect running the election in each of the electoral divisions, and I value their input greatly. Myself and staff members conduct working sessions with these returning officers. We meet with them for two and three hours. We do not pay them a fee for that, but I certainly think it's appropriate that we buy them lunch, so that is why there is an increase there.

Does anyone have any questions? No questions?

MR. JACQUES: Can we come back?

THE CHAIRMAN: We'll give you one chance.

MR. FJELDHEIM: Page C. We've presented this budget, as it says, based on the possibility that a General Election could be called and conducted during the 2001/2002 fiscal year. If the Writ for the General Election is announced on or after April 1, 2001, then we will require the full amount of our 2001/2002 Estimates. If the Writ . . . were announced late in the fiscal year ending March 2001 with polling day in either March or April 2001, then the majority of the expenditures would be charged to our 2000/2001 Estimates.

Again, with a general election late in the year there could be some spillover, and funds would be drawn from each of the fiscal years. That has not changed. Well, it's changed \$125 because they wanted the bottom line rounded off.

THE CHAIRMAN: No questions yet. Keep going.

11:47

MR. FJELDHEIM: Our final element is the register of electors, that we discussed a little bit earlier. In dealing with this, as Mr. Dickson mentioned, I think we need to take another look at this entire process. Obviously we're going to move forward. We will not be going back where we start collecting data from scratch and so on, and we certainly want to be able to use all of the resources that are available. Obviously this committee and the Legislature will have to be kept very much informed on exactly what we're doing in this regard.

There were amendments to the Election Act last session that do affect the register of electors. Now it's required that the office of the Chief Electoral Officer provide a post polling day list of electors to each registered party and to each Member of the Legislative Assembly. The post polling day list will be prepared from all sources available to the Chief Electoral Officer, and that would include, Mrs. O'Neill, information we could collect and use from Elections Canada. As it says here, it may "include data from the recent Federal election."

Enhancements to the existing register of electors will be required to facilitate production of the post polling day list of electors and subsequent versions. The new post polling day requirement for a list of electors is in addition to the list that is provided to each registered political party two years after the general election and now in each subsequent year as well.

The amendments to the act also expanded the use of the list for candidates, constituency associations, political parties, and elected members. The list with certain restrictions can be used for communicating with electors, soliciting contributions, and recruiting members. Although the potential uses for the list of electors were expanded, the act still imposes severe penalties for the improper use of information contained in either the register or the list of electors.

Does anyone have any questions on this?

THE CHAIRMAN: Mary has a question.

MRS. O'NEILL: My question is: what is the time frame when that post polling day list must be or can be provided?

MR. FJELDHEIM: There is not a specific time frame, and I'm paraphrasing the act. Bill's looking it up here. As soon as possible, I believe, is what the act states. It does not say, you know, two months after the election but as soon as possible.

MR. HIERATH: Brian, are the municipal governments in the province benefiting or using any of your data? You mentioned Red Deer and some other place. What purpose is that for?

MR. FJELDHEIM: No municipality is using our data at this time. To collect the data for us, Red Deer and the municipality of Wood Buffalo had to pass a bylaw saying that they were establishing a register of electors. Then our data flowed into their register of electors, and then they could pass it from their register to our register. To my knowledge neither of those two municipalities is using that data.

MR. HIERATH: So what were they doing it for?

MR. FJELDHEIM: We were assisting them. They were doing their census.

MR. HIERATH: Oh, I see. Census.

MR. FJELDHEIM: They were not preparing a list of electors. We said: since you're going out knocking on these doors anyway and gathering this information, would you gather this for us? We then shared in the cost of that gathering of information.

MR. HIERATH: One of the reasons you think that maybe some type of enumeration or door-to-door may be necessary in the future is because the collection of data through other sources hasn't been as efficient as we thought it was going to be or isn't as accurate or both?

MR. FJELDHEIM: I would say both. For example, the driver's licence, yes, is an excellent source, but when people move from one side of Vegreville to the other side of Vegreville and their licence is not going to be renewed for another year, they might not do that and so on. So, yes, I think as we define and can better pinpoint this stuff, some of these sources are perhaps not as – their data is up to date and so on, but perhaps it's not quite as accurate as we would hope.

MR. HIERATH: Have the federal government sources been less forthcoming than we thought, meaning the post office, some of that information?

MR. FJELDHEIM: I'm not sure if "less forthcoming" is the right term or not. To get updates from the post office, we can find out: "Okay. Someone has moved; we now forward their mail here." But we don't know if the new people that are in there are electors or not. Then we have to contact them by mail or in some other fashion. Once you start going down this road, it gets so involved in trying to track people and sort of the idea: we know where you are. It does get very difficult, and of course there's always this time limit.

MR. HIERATH: The tax people have no problem.

Thank you.

MR. FJELDHEIM: I don't know if anyone else has any more questions or comments or if we've managed to answer everything.

MR. JACQUES: I have a question on the budget.

MR. FJELDHEIM: Okay.

THE CHAIRMAN: There's lots of time.

MR. JACQUES: Thank you. I just have a couple of questions on your exhibit B, the first line, salaries. I wanted just to get a handle on how much has been reflected in terms of increase – and I believe those were some guidelines provided by Treasury – vis-a-vis any staff hirings in there. I was listening to your explanation, and I wasn't quite sure whether there was something in there or not.

The reason I ask the question is that if I look at your 2000-2001 forecast of \$328,820, the comment below says that you made the assumption of an achievement bonus award of \$18,905. If I deduct that, I come down to whatever that number is as a base. Then I was comparing that base to the \$355,325, which is your estimate for 2001-2002, which is roughly a 15 percent increase. So the question is: is there also an achievement bonus reflected in the 2001-2002 estimate, and is there any fundamental change in terms of staffing in those numbers?

MR. FJELDHEIM: No, that is not included in the 2001-2002 estimate. And, yes, there is going to be a change in staff. We have the person, as I mentioned before. That is why it is overspent under wages. We wanted to make sure we knew exactly what we wanted the role of that individual to be. We have further defined that now. So that wage amount did not come out of salaries this year.

MR. JACQUES: Okay. What is that amount for that new person that's going to be on salary in the 2001-2002 estimate number?

MR. FJELDHEIM: Thirty-five thousand to thirty-eight thousand dollars.

MR. JACQUES: Thirty-eight?

MR. FJELDHEIM: Yes.

MR. JACQUES: And in regard to the assumption that there's no achievement bonus reflected in the 2001-2002 estimate, there is zero for that at this point?

MR. FJELDHEIM: Yes.

MR. JACQUES: Thank you.

My final question is on exhibit C. Your current year forecast versus next year's estimate is the same, and I understand why. My question is relative to there being two by-elections in the current year that we should've had some costs associated with, so presumably your forecast will be a little bit higher than what your estimate is for next year.

MR. FJELDHEIM: Yes. I'll let Bill Sage answer that.

11:57

MR. SAGE: If I understand our question right, you're wondering if the \$5.7 million that we're showing now will increase by the cost of

those by-elections. That shouldn't happen. It's not that I want to say that there's flexibility in our budget, but there should be enough money. We've already paid for those by-elections, which were in the order of \$200,000. We feel that even if the general election is called in the next three, four months, there should be sufficient funds in there – that's the \$5.7 million – to cover both the general election and the two by-elections that we've had.

MR. JACQUES: Okay. So in round numbers it's \$200,000 for two of them?

MR. SAGE: About that, yeah.

MR. JACQUES: Okay. Thank you.
Thank you, Mr. Chairman.

THE CHAIRMAN: Thank you, Bill.

If we have no further questions, thank you very much for coming today. We're taking all the presentations, and we'll discuss them and make motions at the end of the day. We'll let you know in due course.

MR. FRIEDEL: Mr. Chairman, I think they should be commended for being almost perfectly on time.

MR. FJELDHEIM: Thank you very much. Best of the season.

[The meeting adjourned from 11:59 a.m. to 1 p.m.]

THE CHAIRMAN: Okay. It's 1 o'clock, and I'll call the meeting to order. I'd like to welcome our Ethics Commissioner, Bob Clark, and Frank Work and Suzanne Frederick. It's all yours, Bob.

MR. CLARK: Thank you, Mr. Chairman. Gentlemen, thanks for the opportunity to appear before you. If it's agreeable, I'd like to deal with the IPC health information budget first and then deal with the ethics budget later, if that's okay.

THE CHAIRMAN: Okay. Sounds good to me.

MR. CLARK: You have all met Frank, and you know that Frank is the assistant commissioner. Frank is primarily taking more responsibilities in the health information area and on the administration side in the office. Suzanne Frederick is the new financial officer in the office. She worked in the department of Treasury for a period of time and was out in the private sector. She joined us in June. We certainly welcome her aboard.

Just on a staff basis in the office one person whom I know you all know is Doris, who has been the receptionist since the office opened. Doris has taken retirement. She and her husband are going to Prince Edward Island. They have some land down there.

MR. DICKSON: We'll miss her sunny disposition.

MR. CLARK: We all will, Gary.

One of the things that rather led to that was the expansion we've had in the office this year. We had to put a new communication system in the office and so on, and I think Doris was of the view that now was a good time to kind of move along. We're certainly going to miss her. She did endless work in arranging schedules and so on. Leanne, who was the financial officer previously, left in the middle of this year for a job in sales with the *Edmonton Sun*. These are milestones in the office, because since we opened the office,

everybody else has kind of hung around, and I knew that you all knew Doris well.

A quick overview. The FOIP legislation has been in place now five years, with a fifth anniversary, in fact, in October of this year. You'll recall that we scaled the involvement. First of all, it was the province and then the health authorities. Then it was the schools, then the universities and colleges, and then last year the municipalities. There should be no more scaling up that I know of until I come to my discussion of Bill C-6, which is an issue that is certainly up to the Legislature, but it's an issue that we need to keep an eye on.

On the IPC side of the budget I'm asking you for a 9.9 percent increase this year, and on the health information side I'm asking you for a \$300,000 increase. Frank and I met with the minister of health within the last 10 days, and he has indicated to us that the proclamation date will be the last day of January next year. I would expect it would take about six months, then, to have things start to move along. We'll be doing a lot of work with the various custodians and other groups during and after that point in time. Frank will speak to that later. But that as a bottom line is really what I'm asking you for.

The next part of my remarks to you is not particularly easy. Last year I told you that we'd be returning \$200,000 to you. We did not do that. As a result of the expansion in the offices, as a result of some unexpected errors as far as calculations were concerned, we ended up spending virtually all of our budget last year. I guess the better news is that as a result of that, we're in a position to tell you that this year from very, very careful calculations that Suzanne has done for us, there's about \$175,000 that we definitely will not be spending this year. There's no other way of my saying that to you than the way I have, and I wanted to be right up front with you and tell you about that because it was part of my presentation to you last year.

On the freedom of information and protection of privacy side the figures remain rather similar. Ninety percent of all the requests get dealt with by public bodies. Approximately 10 percent get to our office. One of the real success stories in the office is the work that the eight portfolio officers are doing in being able to mediate the cases. If it wasn't for that, we'd be having more inquiries. As you know, I have a number of inquiries that are public. We move them around the province, and that's an expensive venture, but I think it's an important part of the education component of getting the news out there as far as freedom of information is concerned.

Three or four other comments I'd like to make in the FOIP area. During the past year some files have been in the process of mediation, for up to as long as two and a half years. In some cases – and I choose my words carefully here – our portfolio officers haven't wanted to close a case. They have to kind of carry on and deal with the person, almost holding hands, I guess, to a certain extent. I have gone to the portfolio officers and indicated to them that I don't want any files being longer than 18 months. We've made real progress in that. That's 18 months from the time the request goes in until the thing is either resolved or it's heard.

We've had quite a bit of success in doing that. It is going to mean that there may be some people who are going to feel that they are being forced to an inquiry. This happens especially in the area of some people who have had experience with WCB on occasion and also some people who've had experiences with perhaps family and social services. As commissioner I've made the decision that we want to try and cut those off. The thing I want to prevent is us getting into a situation, like there are in other jurisdictions, where it's three, four, and five years you have cases going on. That's in no one's interest, in my view. We have the shortest waiting list of any

jurisdiction in the country. I plan to keep it there, and certainly that's why we're doing that.

Last year following the discussion here – I think it was Mr. Jacques who raised the question with me of a three-year business plan – we engaged a firm and spent a great deal of time with all the staff in the development of a three-year business plan. That business plan has been forwarded to all of you, and certainly this budget that we're presenting to you this year includes what's in that three-year business plan.

As far as future growth on the FOIP side, the areas that appear to have the greatest activity right now are in the municipalities. We've had three major inquiries with the city of Calgary, one dealing with the real estate board and property information. I think the city of Calgary seems to have a far better understanding now that the act has implications for them. We had great success in a lot of mediation with the smaller municipalities, and I think we have one inquiry coming up with a smaller municipality shortly. Really we've had a great deal of success there.

The other area that's continued to be a challenge as far as inquiries is the universities. There still is the feeling at the universities that this legislation doesn't apply to them. I have one order, well, two orders now that are coming out dealing with this whole question of people wanting to go on and do masters' programs and PhDs and letters and reference and that whole kind of an area. I don't want to say a great deal more than that right now until the decisions are out, but I think what's going to happen in that area will bring a great deal of clarity to that area.

I have made reference in the course of a public inquiry to the committee that Mr. Friedel, Mr. Dickson, and Denis were on when that issue was brought before the committee. I have pointed out to the parties the result of the Legislature's consideration of the issue. I think that helped drive home to the universities that, yes, in fact this legislation does apply to the universities also.

1:10

On the health information side I'll just make a couple of comments and then ask Frank to carry on. We had in the budget last year \$700,000 to get ready for health information. When I appeared before you last year, I indicated to you that our expectation was that health information would be coming forward in the middle of the year. The last date we'd heard was December, and now it's going to be January. The budget does include three additional people in the health information area, and Frank will speak to that. There's no question that the real challenge between now and the end of January and, more importantly, the middle of this summer is going to be getting the custodians – the doctors and the nurses and the medical clinics and pharmacists and so on – up to speed so that there's a smooth movement into health information.

MR. WORK: I don't know how much detail to give you on this, so maybe I'll largely wait until afterwards to see if you have any questions.

Right now on HIA we're operating with one investigator/mediator person and a communications person that we just hired. The government's Health and Wellness is taking the lion's share of the responsibility for educating the people who are going to be affected by the act, but to the extent that we feel we should do something, we do have a very good communications officer. We're very happy with her. We have a lawyer who is also a nurse, and she's been a good asset there as well.

As Bob said, as the cases start rolling in, assuming the January 31 implementation, we'll need a couple more portfolio officers. We're going to run it as a sort of semiautonomous operation, so we will run a separate HIA filing system and kind of parallel FOIP. I mean, it'll

still be the same offices, and the savings of running a joint operation like that will be realized, but we're going to run a parallel operation in terms of investigations and reports and filings and inquiries and stuff. So we'll have to hire a person to deal with that issue as well.

The big question will be how well prepared the people that are going to carry the brunt of the legislation are, and that's the doctors and pharmacists and people like that. Bob and I discussed it, and we have indicated to some of these stakeholder groups that we would not be likely to go down anyone's throat right off the bat unless they do something really dumb. I don't know if that gave them some comfort or not. So on it goes. I don't think I have much else to say about that area.

I think the next thing that may happen there this year is we may try to form that into more of a team and pick a team leader in that area. I've been filling that role right now, and it's probably less than satisfactory to have me doing that. I don't think I give the people there the attention they probably deserve. So that may be another change soon.

MR. CLARK: Could I just make three other quick comments? If I could draw your attention to the letter that accompanied the budget, if you take this document – I should just try to explain this document to you. Starting on the left-hand side going to the right-hand side, in the first column are the actuals from 1999-2000. In the next column are the forecasts for the end of this year that we're presently in. In the next column are the estimates that were approved by the Assembly for the year that we're in.

Then we go over the elements there. What we try to do – and it's very arbitrary – is pick out kind of the IPC expenditures, and in the next column what we see are the HIA expenditures. Now, these are very crude, ladies and gentlemen, but it will give you some indication of where things are. Obviously, then, in the last column are the combined amounts.

Could I ask you just to flip along quickly to page 2? On page 2 you will see the permanent employees we hired in 2001-2002, as Frank indicated. Then we flip over to page 5, the travel area. I should tell you – and Gary stole my thunder here.

MR. DICKSON: Sorry.

MR. CLARK: No, no. I've taken on the responsibility, at the request of the Council on Governmental Ethics Laws, to be the president for this year. It will mean I'm likely to make one or two more trips to the U.S. I've put one additional trip in here, and the organization will pick up an additional trip. The chairman and Gary have been to the meetings, and I think it's certainly worth while.

One of the things that I'm very impressed with is the fact that three provinces in Canada – Ontario, British Columbia, and Alberta – are way ahead of what they're doing in the States and especially in Europe in the European Community as far as transparency and access to public documents and public records. We and what is being done in the other provinces in Canada also are some distance ahead as far as what happens in the area of public disclosure for its elected members compared to Europe.

The other travel we've got there are the usual one meeting of the ethics commissioners and the one meeting of the privacy commissioners. We are doing more site visits across the province. We can go to a community and stop in at the hospital, the school, the municipal government, and the county council office kind of all on the same day, not to come as the inspector general but to come and talk to the various groups about what's involved, what problems they are having, and how we can be of help.

We could move over then to page 12 for a moment. This is the

area where we expect a significant amount of activity this year. As far as the audits are concerned, we've got the same amount of money we had in there in the past, \$50,000. As far as consultants are concerned, we've increased that somewhat. We have included in there also \$30,000 that we think we may need for possible consultants as far as Bill C-6 is concerned, if the province does decide to move ahead on Bill C-6. Certainly within three years the province has to have some legislation in place there or the federal legislation will regulate the area of privacy protection in the business community in Alberta. I'm not so naive as to think you read my annual report, but I made reference in my annual report to the fact that I really think it's very important for Alberta to have its own made-in-Alberta legislation as opposed to the federal legislation there.

In the area of legal assistance, we're adding \$100,000 there because we have one or two judicial reviews in the process now. Also, with the health information legislation coming in, there has been some talk of quite a bit of legal activity there, so we want to be in a position where we're well armed there.

The last change there is the privacy impact assessments. We've cut that back this year because we did more privacy impact assessments last year than we have this year. We've cut \$50,000 out of that area there.

The last area that I'd draw your attention to is page 15. That's really the equipment and materials and supplies that we need to move in the direction that I outlined to you.

So perhaps without any further ado, Mr. Chairman, I'll stop, and we can become involved in the questions.

THE CHAIRMAN: Okay. I think Gary Dickson has a question.

1:20

MR. DICKSON: Actually, Mr. Chairman, I've got a number of questions and comments for the commissioner.

First let me start off by saluting again the annual report that you've done. You've actually set a really high standard in terms of a report that provides useful information to people interested in FOIP and its application, and we continue to hope that the Department of Municipal Affairs tries to measure up, because your reports are far more helpful in terms of identifying where the act is working and where there have to be changes.

The other thing I'd just acknowledge is that I think your leadership has been really important around the protection of information in the private sector. I appreciate your advocacy there.

Looking at the detailed budget, I have a couple of queries. You talk about \$15,000 for advertising for recruitment of four new positions. Well, it seems to me that your office has been growing every year. You've been significantly adding staff. You only spent – okay; it looks like you spent \$28,000 in the current year. You see quite a variation. It seems to me you've added about four new positions each year – haven't you? – for the last three consecutive years.

MR. CLARK: Yes.

MR. DICKSON: You've got wildly disparate costs each year in terms of advertising for recruitment. I wondered if there was a particular reason for that.

MR. CLARK: Frank?

MR. WORK: The positions we filled this year – a couple of them we ran only in the government's *The Bulletin*. We didn't advertise as widely. For others where the costs have been high, we've run

advertisements in both the *Calgary Herald* and the *Edmonton Journal*. They're about \$4,000 a run per paper. So if we think we need to advertise in the two major centres and, you know, the outlying areas that pick up those papers, that's \$8,000 for one competition. In other cases, depending on the position, we've just run in Edmonton, so that's a \$4,000 hit.

As a rule of thumb, for portfolio officers we tend to advertise in both cities; for administrative staff we don't as a general rule advertise in both cities.

MR. DICKSON: Okay. Thank you.

If you turn to page 12 – and Mr. Clark offered an explanation – I was quite confused by the wording under consultants, "Office Restructuring Consultant for Bill C-6." I mean, I understand why you'd want to do some work around C-6. I don't understand the reference to an office restructuring consultant. What does that mean?

MR. CLARK: Well, if the government moves towards giving some responsibility to our office, then we're going to have to look at the communication system, the whole office. Gary, it's something that we just don't have the resources within the office to do.

MR. DICKSON: Okay. It just seems to me that's awfully contingent. I mean, some of us have been trying to encourage the government to move in this area for years. Unless you've got some information that the rest of us don't have, this wouldn't seem to me to be something that would be requiring office restructuring. I mean, that's so far down the road.

MR. CLARK: Well, what we'd be looking at though, Gary, is really the kind of organization we have in the office in addition to the physical things. I mean, to be quite frank with the committee, I think that within the next year we may very well have to look at the appropriateness of keeping all the offices together.

There may very well come a time when you may want to move the Ethics Commissioner's office in a different direction or a different location. I'm not saying that that's what this money is for at all, but I was going to raise this at the end of the session. If nothing happens in that area, we'd be more than pleased not to spend the money there. It's a blue sky, Gary.

MR. DICKSON: The other thing is that I don't have a breakdown; I see an estimate of \$515,000 with legal assistance as one of the items. You must now have at least five lawyers on staff.

MR. CLARK: We have five.

MR. DICKSON: Presumably that translates into a reduced need to contract out legal services. Presumably you have people who can do the barrister work as well as the solicitor advice. Don't you?

MR. CLARK: Can I respond to that by just giving you one example. Then I'll ask Frank to fill in the details. Basically what our lawyers do is give advice within the office, take part in the inquiries, and write the orders once I decide what the order is to be. But when we go to judicial review, we go to outside counsel. That's been our practice.

We had one inquiry with the city of Calgary and the Calgary Real Estate Board where we engaged the services of a solicitor from Calgary to appear at the inquiry on behalf of public interest, because there are 250,000 property owners in the city and we thought it was important to hear their view of this on a very important issue, the sharing of the information. I'll tell you quite candidly that the bill

for that came to \$20,000.

Frank, can you add anything else?

MR. WORK: No. That pretty well sums it up. The staff lawyers primarily operate within the four walls of the office, either advising the commissioner or the portfolio officers. I guess we have two judicial reviews that actually exist and maybe another one threatened. As Bob said, we have tended to go to outside counsel for those.

MR. DICKSON: That's been the traditional way to do it, but you haven't always had five lawyers on staff to do it. It just seems to me that since most large corporations are now to a much larger extent doing stuff in-house, there are some significant cost savings. I guess I'm asking what the plan is to be able to reduce the amount of legal work that's contracted out. Now that you have a significant component of people trained in the law, one would hope that you would have the ability to do more of that stuff without having to contract it out at a premium dollar.

MR. WORK: Well, we do. What we've actually contracted and paid to outside lawyers for, say, judicial reviews is pretty minimal. Where we have paid a lot of money is where we've had an outside lawyer, as Bob said, come in as what lawyers might call an amicus, you know, a friend of the court. Frankly, in those positions, Gary, I don't think it would be appropriate for the commissioner to have one of his staff lawyers appear before him, ostensibly representing a public interest, you know. I think for the appearance of fairness you've almost got to go outside for that.

As Bob said, those are expensive. Those are sometimes \$20,000, \$25,000 hits, because whoever you chose – like, for the city of Calgary one we selected I think a good lawyer. He was to pretend that he was representing all the ratepayers in Calgary, so totally arm's length. After we retain him, we don't talk to him anymore, but we pay him. So he does the brief, you know, as if he were representing all the ratepayers in the assessment in Calgary and appears before the commissioner and argues against the city of Calgary, if that's what he sees fit. I just don't see any way of doing those in-house, and they are significantly expensive.

MR. DICKSON: But I'd understood it was sort of judicial review. I mean, I take your point in terms of an amicus, but I heard talk about judicial review, and surely that could be done in-house by people who are already being paid a salary, rather than going and paying a premium to an outside law firm.

1:30

MR. WORK: Of the five lawyers three are very junior, and I'm not sure that I would right now send them alone on a JR. We pay them accordingly; I mean, they're getting, you know, associate-type wages. That leaves two lawyers in the office who could, I think, do JRs by themselves, and one of them is me. Yeah, I guess the one other lawyer, whose function is senior counsel within the office, could probably be asked to do JR stuff.

The legal staff we have I actually regard as something of a bargain. We've been very lucky in getting very skilled people who are at the beginning of their careers. At the same time, we've been able to attract some very good people because we're in a position to offer some advantages to them. For example, we have young mothers. A couple of our lawyers are young mothers, and they work four-day weeks. Again, they're paid accordingly; you know, they're paid 80 percent of a wage. So they're willing to take less compensation because of the lifestyle advantage. I think we're very efficient there.

For the number of judicial reviews we have, we're probably talking \$2,000 or \$3,000 this past year, maybe \$4,000, because people tend to file the judicial reviews and then leave them sitting for a long time, so there's not a lot of activity.

MR. CLARK: But we do have two that are deadly serious and are moving ahead now, at least as far as we know.

MR. WORK: Well, yeah. They're not moving with lightning speed though.

It's worth considering whether we could turn some of our legal resources to do the JR stuff.

MR. DICKSON: Just a final comment, because I know my colleagues have questions. How to put this. I think it's great that you have a vision statement and you have the package. I note the vision, "Being the champion for Albertans regarding Access and Privacy issues." I guess I'd just make the observation of what's happened particularly around health information. We see the Personal Health Information Act now introduced in Ontario. If you're going to make this sort of claim – I mean, this strikes me as being a very ambitious claim for a public office – then you're going to have to deal with the issue that you've got a bunch of people in the privacy community who would take a very different view than your office does in terms of health information and Bill 40; you know, the differences there. I guess it's a bit of a caution that when you claim this sort of a vision statement, I think it's difficult for an office such as yours to make this sort of claim and to be able to reflect that in all your activities, because you're in a position where you're going to have to make some compromises with the government. So I make that observation, and I hope to make it in a constructive fashion.

MR. CLARK: Gary, it's also important for the office to have a target. It's also important for us to have something to aim at. When we did this mission statement, we spent a great deal of time. Most everybody in the office was involved; the entire team was involved. That was one of the concerns that some of the staff raised: is this too lofty; is this too high? If it is too lofty and too high, I'm sure that next year or years in the future this will be a recurring observation to the commissioner.

I guess, in hindsight, I would sooner aim high than aim to be pretty mediocre, and I'd just leave it there.

MR. DICKSON: I'm just encouraging being realistic in terms of the positions you've taken and what you'll be able to do in the future.

Thanks, Mr. Chairman.

THE CHAIRMAN: Thank you.
Howard?

MR. SAPERS: Thanks. Thanks for including the three-year business plan. I appreciate the way the package of information has been put together. I have a general comment about the business plan and the performance measures, and then I wanted to ask you a budget question.

Most of the performance measures, which I think are encapsulated on pages 6 and 7, where you state the goals, objectives, and what the measurement tools will be, are straight counting. You're going to count the number of times people visit a web site or the number of technology updates that happen in the office. I know that this is early going, so I'm saying this more as an encouragement than a question: to start to flesh these out with some directional statements as well.

For example, if you look at the very last one, Efficiency Enhancing Technology, number 7: "To monitor technological advances affecting information and privacy issues." Well, actually, that could be a huge issue, particularly on the privacy side. The measurement is the number of technology updates.

In a vacuum, you know, if next year you tell us there were six technology updates, that doesn't mean a lot. I mean, I don't know whether two would be enough or 27 should be the appropriate number. And what kind of technology? Are we talking about encryption technology? Are we talking about data retention? Are we talking about communication?

The same with the "number of IT speaking engagements." Are those ones that staff go to for their own development, or is it where the staff have been asked to come and provide information?

MR. CLARK: It's the latter.

MR. SAPERS: Right. But you don't know that.

MR. CLARK: We're in the early stages of this. In fact, we've got the portfolio officers and the lawyers working to help develop, flesh out these measurement tools because it's important that they be a part of that so that then the measuring is seen to be fair and reasonable too.

MR. SAPERS: Right. And as I said, I recognize that this is new.

There has been some good work that's been done by Treasury that's been largely ignored by the rest of government in terms of how to craft performance measures and what they mean and how to make them useful to users of the reporting document.

MR. CLARK: The Deputy Provincial Treasurer has drawn those to my attention.

MR. SAPERS: I'm so happy. Okay. So I'll leave it at that.

Now, the question I have – and this is just something that struck me out of your presentation and the previous ones we've heard today. It's got to do with the way benefits are accounted for in HR costs. Again, the use of the word "benefits" in your line item – I'm looking at your budget summary. The one that goes sideways across the paper. Okay. So you've got employer contributions as one figure, and then allowances and benefits as another line item. When I turn to the detail for employer contributions, I see what I would normally expect to see in terms of benefit costs. Then when I look under what's called "allowances and benefits," I see what's really just allowances, not benefits. It's the use of the word "benefits."

There hasn't been a lot of consistency in the leg. officers. I don't think that training fees or professional membership fees or conference fees are benefits in the way that you'd think about benefits as you've got them listed on page 3, you know, the employer contributions. I guess I'm just hoping that there would be some consistency when we see these budgets.

The other thing is that the benefits calculations seem to vary quite a bit. Your benefits costs appear to be between 18 and 19 percent of salaries and wages. The Auditor General's benefits costs were presented to us as 8 percent, although there's some question about whether all benefits were included in that, and the Chief Electoral Officer's budget was around 15 percent. There's a pretty big variation between 8 and 18 and a half. So I don't know where the standard is on that. If, again, everybody is really talking about employer contributions and we're all looking at a pretty consistent package really across the offices, I'm trying to understand why there's so much variation.

1:40

MR. CLARK: Well, I've not been involved in any discussions with the legislative officers to try and give you apples and apples. I suspect that's a fair comment.

THE CHAIRMAN: Yes, Denis.

MR. DUCHARME: Thank you. I'd just like, I guess, to pose one question regarding the Health Information Act and the staffing positions that you're getting geared for. There are a couple of other people who also sat on that working committee at the time, so correct me if I'm wrong with these comments. I always thought it was the working committee's thought – we were hoping that the work involved in dealing with the act would comprise possibly the addition of up to two employees, and I see here that we're talking about three management positions plus clerical staff. I'm just wondering, you know, since it's so new, if you have had time to assess it to truly believe that it's going to take that kind of staff involvement?

MR. CLARK: Denis, that's our best judgment at this time. I didn't look forward to coming to the committee and asking for another \$300,000 for health information this year. At this time we've had discussions and Frank's been involved in discussions with the various professions. I think we have developed a very good relationship with the two major health authorities in the province, and trying to put that together, this is our best judgment at this time. Frank, you were on that committee.

MR. WORK: Yeah. I think we on the committee probably underestimated how quickly and how self-motivated the professions that were involved would be in terms of picking up on the legislation. My indication is that they're not picking it up as quickly as we'd hoped. For example, that explains why we decided to hire what we call a compliance officer, someone who would talk to the professional people about the HIA. One view was that that's the government's problem because it's their legislation. On the other hand, if the custodians – the docs, the dental surgeons, and the pharmacists – don't understand the legislation, the problem winds up on our doorstep, which means we have to hire additional portfolio officers to deal with the caseload. So we have hired more than we thought because of that wish to get better compliance from the professions.

The two positions we've proposed here for portfolio officers – we only have one portfolio officer right now, so we are keeping that really bare at the moment. As Bob said, once the act rolls in on January 31, there will be about a two-month lag before we start seeing the cases. So February 1 they go to their doctor and say, "I want to see my file," and their doctor says, "No." Then they appeal to us. That will probably take about two months to reach us. Well, you remember; you were on the committee. The doctor gets at least a month to consider the request.

So by April we will start to get an indication of whether we're going to get a torrent of requests from the public to review stuff that custodians have done or not. If we get a torrent or anything near a torrent, we're going to need the two health information mediators that we've proposed in this budget. If we get a trickle, well, I'm going to be scratching my head, I guess, and wondering why.

That's about as good an answer as I can give at this point. We'll kind of wait and see how well the custodians do in dealing with the public on that legislation and if we need all those positions or not.

MR. DUCHARME: In most cases, I guess, history has proven that

when you do have something new as far as legislation, yes, you may get tested considerably initially, but I would hope that it would be something that would be continually monitored, that if the torrent comes and goes, there would be adjustments that would be available.

MR. WORK: Yeah, you're right. You always have to walk that fine line. I mean, if we get the torrent, we can stay with the existing staff, but of course that increases the time it takes to deal with any file, because you suddenly have one staff person handling 60 instead of 30. So that's the trade-off. And you're right; we're not going to overreact. If it looks like a torrent, we're not going to go off and hire a whole whack of people only to have it, as you say and as it often does, drop off after the initial impact. We won't hire to the maximum just for that initial impact. I think we'll be able to watch the aftereffects.

MR. CLARK: Hopefully we have some people, Denis, on the IPC side who can cover off. Some of them are health information ones, health information IPC. We'd like to be in a position where we can kind of move some people back and forth so we have some generalists there. But if it's not a torrent, I can assure you that we won't hire more than we need. That's certainly the case. I think that on the IPC side we're now at the stage where I see it leveling off.

MR. DUCHARME: I think it was the goal of the committee when we referred to it that rather than opening up a separate office, the people that are presently involved would complement it with people with health care expertise to be able to fill in to do the job required.

MR. CLARK: We think we'll be able to use the same core of five lawyers we have now to, shall I say, work both sides of the street. In two years' time we may come along and say: lookit; we can pull the whole group together. I mean, we've got to get some expertise in that HIA area, and there are some different areas where there's significant difference.

MR. FRIEDEL: Just following up on what Denis was saying, it's an interesting concept of how this aspect of the office has grown, because essentially the history of the IPC office is that it started very small and has grown as the need was there. This is probably the first significant bulge that has come in – I was just about to say out of nowhere, but it has been coming there.

MR. CLARK: It's anticipation.

MR. FRIEDEL: We've been budgeting for some of this growth almost on the basis of expectations but, again, never sure what's going to happen when. I think this is kind of an expansion of it on a bigger scale than we've done in the last year or two years. Because we've been going kind of on a trust working relationship with yourself and your office – and we have to be prepared; we have to have the resources there in case it comes in in the torrent/flood category, and if we don't need it, we don't spend it – and because this is such a significant change in the whole operation, I'm wondering if it might be not a bad idea to, say, a year from now, at the time we do the next budget or maybe even as a separate item, just look at how this thing has grown.

I think it's no secret that my concern has always been that you don't put something in place and have it develop a life of its own without justifying that it's doing what it was originally intended. If that was some of the concern, as Denis mentioned, it might not be a bad idea for this committee to discuss with you how those things are working out.

MR. CLARK: Mr. Chairman, I'd be more than pleased this fall to sit down with the committee and say: lookit; this is what's happened from January 1 until, let's say, the 1st of September, and it's a trickle or a torrent depending on what happened. I'm quite prepared to do that.

MR. FRIEDEL: I think the working relationship with your office and this committee has been extremely open. Not to say others weren't, but we've watched this one grow from scratch. I think for some of us who've been involved from day one, that's led to maybe a level of trust that might not exist elsewhere, because some of the other offices have been there forever and we don't really understand them. I would certainly feel very comfortable saying: well, if this is the budget you anticipated, based on the way we've developed the last ones, yes, let's do this, but we look afterwards at how it's working. Are these things essential? Are we getting into areas that maybe we weren't intending to get into, or do we need more than we expect?

1:50

MR. CLARK: A good time to do that, I think, would be October or November of next year because we have to put a budget together for your committee a year from now. So if we could have that kind of discussion in October or November, that would be helpful.

MR. FRIEDEL: I'd think so. It would be better than doing it at budget when you're kind of overpowered with all the numbers.

MR. CLARK: I don't look forward to coming before you and saying, "I need three or four or five or six more staff," because that's not the most comforting experience as commissioner either.

THE CHAIRMAN: Gary Dickson, do you have more questions?

MR. DICKSON: Well, maybe the commissioner can confirm. A lot of what we're wrestling with is projected new business; right? I mean, we're trying to anticipate how much more work is going to be involved, but you might just confirm.

My recollection is that when municipalities became subject to FOIP on October 1, 1999, we anticipated big, pent-up demand. My understanding is that in the first six months, by the end of March 2000, there were only about 120 applications for access requests that had come in: about 40 from Calgary, about 9 from Edmonton, and the rest scattered around the other municipalities. I'm not led to believe that that has suddenly changed in the last six months. If my recollection is accurate, there was an area where many people thought we were going to be swamped with local government requests and that it was going to require a whole lot more resources. The reality, to my mind, was that I was surprised how few requests came through municipalities and then got to the commissioner's office. I think there have only been about a half dozen of those municipality-related requests that have come to your office for attention. Is that accurate?

MR. CLARK: Kind of. Certainly the ones that got to the office, Gary, would have been considerably higher than that. What we found out with the municipality ones is that it's likely the portfolio officers are much more involved in the negotiations because they're dealing with people of the municipalities who had no experience in this area.

The other thing, too, is that some of the issues that have come before us from the cities have been extremely complicated, especially the city of Calgary. I've taken just a tremendous amount of time and effort to get them to the inquiry stage, and I can assure

you that the inquiry stage . . . Would you, Frank?

MR. WORK: Well, dealing with actual case files or actual requests from individual Albertans is about 40 percent of what we do, so it's a little misleading just to measure cases per employee.

The other thing that we do a huge amount of is privacy impact assessments. Where a public body is proposing a new data collection system, a new billing system, or a new computer system, we coerce them into preparing a privacy impact assessment. Well, someone has to review that, go over it with the city people and tell them where we think there are failings and shortcomings and so on.

The other place where we are very active is in dealing with the chief information officers of the different public bodies in terms of anticipating systems that they're bringing in. Again, that takes people to go out and spend time dealing with that. We have a very active relationship with the chief information officer for the government of Alberta, for example. You know, someone has to attend the meetings and do the preparation and prepare the advice or the background for the discussions we have with those bodies.

We have a very significant initiative going on with one of the major cities right now over an extremely complex billing system that they want to use. Again, compared to, you know, dealing with four, five, or six individual cases with requests for reviews, the time required to deal with something of that complexity is significant. So even if you have a low caseload, if government is very busy – for example, if the government of Alberta starts a lot of Wellnet initiatives next year, those will now come under HIA rather than freedom of information. That will mean that we're going to have to deal with those, and they're not going to be things you can measure in terms of the number of cases or the number of applications we've had. These are going to be significant, information-intensive projects that we're going to have to look at, and we have to have the people to do those as well as the people to take care of individual Albertans' issues.

THE CHAIRMAN: If we're done on the information and privacy side, we'll move on to the ethics side.

MR. CLARK: Mr. Chairman, the highlight of this year would be that this year I've met with all 140 senior officials and Members of the Legislative Assembly. We have a preliminary draft of our new brochure. I've indicated my involvement in the Council on Governmental Ethics Laws.

Last year I know you approved the idea of putting \$10,000 in the budget that we might make available to some organizations that are involved in ethics initiatives across the province, and some concern was expressed here by several members. One or two of you phoned me after. We did not spend that money, and we're not including that proposed money in the budget this year.

What we've done is that Karen South, whom you all know very well, has become involved in a group called the Ethics Practitioners' Association of Canada, the Alberta arm. She's been involved with a number of primarily businesspeople in the city of Calgary. She's taken on the responsibility of starting up a similar group here in the city of Edmonton. So it's primarily businesspeople, and what they do is they get together for a day – I think it's once every two or three months – and they talk about case examples in their own corporation and how they handle certain ethics issues. Frankly, it's been very good for us. I think the advice you gave us last year not to go that way that I indicated certainly has been very well received and has worked well.

As far as the upcoming year is concerned, I'm in a unique situation here by asking for less money, but very little less you'll

notice. After saying that, if there's some major investigation I have to do, then of course that's a little bit different, but this year has been very quiet. We've got \$25,000 in the budget for outside legal counsel if we need to do that for a major investigation.

My plan is that if – there is reported on occasion some extracurricular activity to take place in the earlier part of this year. Shortly after that we'd meet with the new members and hopefully get the new members' disclosure documents kind of in place by the end of June. March is the date when there may be some extracurricular activity. All this will change if there isn't. Then we'll deal with the members of the Assembly who are returned in July, August, and September, and then we'd do the senior officials in the last part of the year. This year we met with every senior official because we gave everyone the documents we gave you, which is the analysis of the last several years.

It's my expectation that next year I wouldn't meet with all the senior officials. Traditionally, I've met with all the deputies, chairmen of boards and agencies, and then selective members and the rest. I would do that again next year and make the selection based on the disclosure documents which come to me.

So that's really the plan for next year, Mr. Chairman. Obviously I'd be prepared to try to answer any questions.

THE CHAIRMAN: Gary Dickson has a question.

MR. DICKSON: Thanks, Mr. Chairman. Mr. Clark, actually I was pleased to see your note that you'd decided to not make those donations. That had been a concern I'd raised last year. Do I take it from that that your office would not in the next year be making those kinds of donations to organizations like that?

2:00

MR. CLARK: I hope that's what I said.

MR. DICKSON: So it's a prospective thing as well as what has happened?

MR. CLARK: Yes.

MR. DICKSON: Great. Thank you very much.

THE CHAIRMAN: Mary.

MRS. O'NEILL: Thank you. Mr. Commissioner, on page 6 you identify \$1,000 for risk management and insurance coverage. Could you just tell me what risks your management manages?

MR. CLARK: Thank you, Mary.

Suzanne, this is your opportunity. I need your help, please.

MS FREDERICK: We participate in the whole, overall government of Alberta's risk insurance, so this is paying for coverage for any of the office furnishings and equipment if there's any damage. It also pays for some liability insurance for the officials. That's the premium. This \$1,000 is the premium for the year.

MR. DICKSON: Defamation lawsuits, things like that.

MRS. O'NEILL: That's what I'm wondering. I mean, because there's one insurance, your property insurance, is this for things such as Gary just mentioned? Defamation or . . .

MS FREDERICK: Yes.

MR. CLARK: And there is a million-dollar lawsuit against the

commissioner.

MRS. O'NEILL: Oh, okay. Thank you.

MR. SAPERS: But it's paid to Alberta Treasury.

MS FREDERICK: It is. It is paid to the Provincial Treasurer, right, the risk insurance.

MRS. O'NEILL: Thank you.

MR. CLARK: Thank you, Sue, very much.

THE CHAIRMAN: No further questions? I guess not.

Well, Bob, I'd like to thank you for coming today and Frank and Suzanne.

MR. CLARK: I certainly look forward to that session we've agreed to next fall so we can have a look at . . .

MRS. O'NEILL: We look forward to being here for it.

MR. SAPERS: The election's not till June. Speak for yourself, Mary.

MR. CLARK: I guess, if you would permit me to say it, in the event there are some eventualities come forward, I'd be remiss if I didn't say to you, Mr. Dickson, that despite the fact that you've been on the wrong side of several issues – no, no; that's not right. We've had different views on a number of issues.

MR. DICKSON: I thought you were on the wrong side, Mr. Clark.

MR. CLARK: Not the first time.

To Ron: you were the first chairman that I had the privilege to work with. To Mr. Jacques: Wayne, thank you very much. You've taught me some things about financial management in the course of your involvement here. To Paul: I never knew Paul before he became the chairman of the committee, coming in and going enthusiastically through that disclosure process. You've become a very good chairman, Paul, but also a very good friend, and I appreciate your help and support.

To all of you, thank you very much.

[The committee adjourned from 2:03 p.m. to 2:05 p.m.]

THE CHAIRMAN: We'll get right back to our meeting, to the presentations. We will have to make decisions on the budget requests. I'd be prepared to entertain a motion. Yes, Denis.

MR. DUCHARME: Mr. Chairman, I'm assuming that you want to do this in the order the presentations were brought forward.

THE CHAIRMAN: Yeah. That would make sense.

MR. DUCHARME: I'd be prepared to move that the Standing Committee on Legislative Offices approve the 2001-2002 budget estimates for the office of the Auditor General in the amount of \$16,986,000, as presented at our December 14, 2000, meeting.

THE CHAIRMAN: Okay. You've all heard the motion. Any questions or discussion on the motion?

MR. SAPERS: I have a comment, I guess, or a question.

THE CHAIRMAN: Right. Go ahead.

MR. SAPERS: There seemed to be a little bit of confusion in response to the question about what the \$550,000 was paying for with the laptops, the question about the software. The answer, as I recall it, was that some of it might be paying for operating systems, but then they already had software. It broke out to, I believe, \$5,500 per laptop. My concern is not necessarily significant enough that I would vote against the motion to approve the budget, but I would like some more clarity from the office of the Auditor General on that purchase, because \$5,500 per unit sounds pretty high if it's not including software. That was my concern.

MRS. O'NEILL: Howard, I thought I understood the Auditor General to say that it did include the software, that it included the whole package. That was my understanding. In fact, he was quite clear when someone asked him – I thought it was you – and he said: yes, it is in its entirety. So \$5,500 for a laptop for, you know, the expanse of the work that these individuals do is to me quite appropriate.

MR. SAPERS: Well, the confusion might just be mine, but the answer that I heard from his associate was that these units would come with the operating system, as most do. I believe they said their standard is Windows 2000. But the other licensed software that they're using right now is software that they would be continuing to use, so if there were upgrades or whatever, that would be purchased from the software suppliers, whether it be PeopleSoft or Excel or whatever. So I guess that's where the confusion is. I was just trying to figure out why these things are costing \$5,500 apiece.

THE CHAIRMAN: Well, what we can do, Howard, is contact his office and ask them to give us a written explanation of your concern and make a distribution to all the members. Is that acceptable?

MR. SAPERS: That would be fine. Like I said, it's not significant enough, Mr. Chairman, that I'd vote against the motion.

THE CHAIRMAN: Okay. Well, we'll get a clarification on it.

MR. DICKSON: Mr. Chairman, can I just ask? Do you remember there had been an episode where I had written a letter to one of the officers, and there had been a concern that that wasn't appropriate? We decided at the time, we reaffirmed that correspondence would have to be through the chair of the committee. Does anybody else recall that?

MRS. O'NEILL: Yes. That's what you were offered; isn't it?

MR. DICKSON: Oh, I'm sorry. I thought I heard Paul suggesting that Howard should write a letter.

THE CHAIRMAN: No, no. We'll request it.

MR. DICKSON: I'm sorry. I misunderstood.

THE CHAIRMAN: No problem.
Okay, Denis.

MR. DUCHARME: Mr. Chairman, I've been informed by the secretary of the committee here that I should have been a little bit

more detailed in the presentation of my motion, and I'd like to be able to add this to the motion, if I may. I indicated earlier in the motion the total expenditure budget estimate of \$16,986,000, but breaking it down, the voted operating expense would be in the amount of \$16,099,000 and the voted capital investment \$887,000, therefore equaling a total of \$16,986,000.

THE CHAIRMAN: Thank you, Denis, for that.

Okay. I'll call for the vote on the motion. All those in favour of the motion?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Against? The motion is carried.

Okay. The next one we have is the Chief Electoral Officer.

MR. HIERATH: Yes, Mr. Chairman. I'd like to move that the Standing Committee on Legislative Offices approve the 2001-2002 budget estimates for the office of the Chief Electoral Officer in the amount of \$7,035,000, as presented to this committee on the 14th of December.

THE CHAIRMAN: Thank you for the motion. Any questions or discussion on the motion? If not, I'll ask for the question. All those in favour of that motion?

HON. MEMBERS: Agreed.

THE CHAIRMAN: The motion is carried. Thank you very much.
Now the Ombudsman, I guess.

MRS. O'NEILL: Mr. Chairman, I would move that our Standing Committee on Legislative Offices approve the 2001-2002 budget estimates for the office of the Ombudsman in the amount of \$1,754,000, as presented at this meeting of December 14, 2000.

THE CHAIRMAN: Thank you. Any discussion or questions on the motion? Yes, Howard.

MR. SAPERS: Yes. Thanks, Paul. I was just thinking whether or not I'd want to propose this as an amendment to the motion, or perhaps it could be taken care of by way of correspondence. Frankly, I was a little disappointed in the form of the budget presentation from the office of the Ombudsman. While I don't quibble with the amount, I do question the presentation and would certainly appreciate more detail in the budget assumptions and more explanation as to how the figures that we are being presented with were arrived at. As I say, I don't know whether it's most appropriate to include in the motion that we're approving his budget with a request for greater detail or whether you simply want to take that under advisement and include it in correspondence to the Ombudsman. I'd be satisfied either way. I don't think I'm alone in having some concern about the presentation of the budget.

THE CHAIRMAN: Well, if it's okay with you, I would include that in correspondence to him. We'll undertake that.

MRS. O'NEILL: Mr. Chairman, as the wish expressed by a member of the committee?

MR. DICKSON: Well, I might add, of more than one member.

THE CHAIRMAN: Okay.

I'll call for the question. All those in favour of the motion?

HON. MEMBERS: Agreed.

THE CHAIRMAN: The motion is carried.

Now we have the Ethics Commissioner and the Information and Privacy Commissioner.

Wayne.

MR. JACQUES: Thank you, Mr. Chairman. I would move that our committee approve the 2001-2002 budget estimates for the office of the Information and Privacy Commissioner in the amount of \$3,287,000, as presented to us today.

THE CHAIRMAN: Thanks. Any discussion on the motion? If not, all those in favour?

HON. MEMBERS: Agreed.

THE CHAIRMAN: The motion is carried. Thank you very much. Yes, Wayne.

MR. JACQUES: Thank you, Mr. Chairman. I would move that our committee approve the 2001-2002 budget estimates for the office of the Ethics Commissioner in the amount of \$212,000, as presented to the committee today.

THE CHAIRMAN: Any discussion? If not, all those in favour?

HON. MEMBERS: Agreed.

THE CHAIRMAN: That's carried. Thank you very much.

Now I have a few items I'd like to bring up. The Ombudsman has relocated, and I don't know if the members would be interested in going there for a visit and visiting his new premises. If you are, we can ask Diane to organize something with their office.

MRS. SHUMYLA: Yes. He's invited all committee members to be there.

THE CHAIRMAN: I don't know when the best time would be to do it with Christmas coming. Maybe in January sometime.

MRS. O'NEILL: Mr. Chairman, as the Ombudsman was leaving the room, he suggested informally that perhaps he would have an open house for us as committee members at the beginning of the new year so that we could also see in detail what Gary had inquired about and could look at some of their systems as well as the premises.

THE CHAIRMAN: Well, we'll have Diane work on that, then, and organize something.

The other thing I wanted to bring up. I don't know if you all know, but Peter Valentine's wife has cancer. She's gone through two operations in the last three weeks, I guess, for breast cancer. They removed that, and now it has gone into the lymph nodes. The day before yesterday she had another operation to remove some lymph nodes. So she's not well at all, and I was wondering if as a committee we should send Peter and his wife some flowers on this occasion. [interjections] Thank you.

The other thing is the expense sheet. Don't forget to sign it and hand it in before you leave, if you have a chance.

Gary, you have something?

MR. DICKSON: Well, I have that item that's a holdover from the

last meeting, Mr. Chairman. We decided to tag that on at the end.

THE CHAIRMAN: Yes.

2:15

MR. DICKSON: Actually, we don't have to look any further than the front page of the Ombudsman's report, where he talks about a change in the reporting period, he said to, quote, congeal future financial statistical reporting, close quote.

You'll remember that the minutes from that meeting – I wasn't able to attend – reflected a discussion and not a decision of the committee. Because the minutes didn't reflect a decision, it looked like it was still fair game. I wanted to raise a concern that the whole value of the Ombudsman is to inform Albertans and to shine – you know, Mr. McClellan, the first Ombudsman, used to talk about shining a bright light into dark corners of government.

My concern is that if the report is produced on the basis of a calendar year, it's available during the spring, when the Legislature is still sitting. To me, that's a better time to draw attention to problems that are identified by the Ombudsman and to respond to the report. Going on the basis that he suggested means his report comes out in the fall and there's not the same opportunity for scrutiny of his recommendations. That's the reason I would be anxious not to change the reporting period. Now, as I say, I raised that because I understood that although it had been discussed, there had not been a disposition by the committee.

THE CHAIRMAN: Well, yeah, we had discussed it, and we had in fact made a motion. I think there was an error made.

MRS. SHUMYLA: Yes, I went back to the transcript and checked. The committee did discuss it, and there was a motion made by Mary O'Neill that the Standing Committee on Leg. Offices authorize the Ombudsman to table the annual report of the Ombudsman based on the fiscal year as opposed to the calendar year, making the change in 2000. I went back to the transcript. I had done the minutes, but I had not recorded that motion. So I would have to correct the minutes by adding that motion to those minutes of April 19.

MR. DICKSON: Thanks for the clarification. I won't move a motion to reconsider, because I'm looking around at the faces of my colleagues here and I don't think I'd have support.

THE CHAIRMAN: Any other business?

MR. SAPERS: Yes, actually, two very quick things. In my last incarnation as a member of this committee – I think my last meeting might have been a budget meeting, and I told Gary I felt like I'd never left – I seem to remember some discussion about asking for more consistency in the presentations of the budgets. It may be that I'm just having some sort of deluded fantasy about that, but if that request went forward, it doesn't seem to have really taken root. If the request didn't go forward, I'm just wondering if there is some way we could encourage the legislative officers to get together and provide us with a more consistent picture in terms of budget presentation and use of terms in the explanations, because it would certainly help me.

THE CHAIRMAN: Well, I remember and Diane remembers that you made that suggestion for this committee. We never actually discussed it with the officers, to be honest. They're all independent of one another. I don't know how we could try and get together. If

it's still the wish, we can talk to them and see.

MR. SAPERS: I certainly don't want to do anything to challenge their independence, but I don't think it challenges their independence to use certain terms in common and to present both historical and projected financial figures in a common format. I think that would aid the committee.

THE CHAIRMAN: Wayne, do you have a comment on that?

MR. JACQUES: Well, I'd just like to express the forward-thinking principle that Mr. Sapers is bringing forward. Like other members of this committee I won't have to worry about that in the future. I think there's something to be said for the business plan approach, which I think has been suggested before and which it appears some of them are approaching but others aren't. I appreciate that they are officers of the Legislature and as such can't really be necessarily instructed, but I would suggest that maybe the future chairman might want to consider suggesting that they may want to use perhaps the government approach as a guide or something. Something that would be a little more definitive might help members of the committee.

THE CHAIRMAN: Gary?

MR. DICKSON: Yeah. I agree with both Mr. Jacques and Mr. Sapers. The independence notion is independence from the executive, not independence from each other. In fact, they already pool a lot. They spend quite a bit of time providing support to each other, and they do some things in common. I think they already do a lot of collaborative things. It would make perfectly good sense to encourage them to look at a more uniform kind of budget presentation. I like Mr. Jacques' idea of the sort of business plan model. It makes really good sense to me.

THE CHAIRMAN: Diane has made a note of that. She'll bring that up to the new chairman.

MR. SAPERS: Okay. My last really quick item – and thanks for indulging me – is that I just noted from some of the correspondence in the binder that this material wasn't delivered to you until the 12th of December for a meeting on the 14th of December. As with Mr. Jacques, I actually didn't receive this until the meeting started. I understand it was delivered to my office midafternoon yesterday. We're out of session. I'm not at this office; I'm at my constituency office. Is there any way that for this meeting we can encourage the officers to provide us with this information more than 48 hours in advance of our meeting so that we actually have the time to read the material before we get here?

THE CHAIRMAN: I think we brought that up before, but we'll have to bring that up again.

Anything else?

MR. DUCHARME: I move adjournment.

THE CHAIRMAN: Denis moves that we adjourn.

HON. MEMBERS: Agreed.

THE CHAIRMAN: I guess we're all in favour.

[The committee adjourned at 2:22 p.m.]

