

[Mrs. Tarchuk in the chair]

THE CHAIRMAN: We have a fairly tight schedule, and we would like to call this meeting to order and personally wish everyone all the best in the new year. The only two that apparently are unable to be here today are Laurie and Gary, so I expect we have a couple more members that will be arriving.

I trust that you've all looked at the agenda, and I would like to ask that someone move the agenda for today. Mark. All those in favour?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Motion carried.

We have a couple of options today. Looking back at old minutes of the budget meetings of this committee, it appears that they've approached it in one of two ways: either to make the decisions that have to be made today on the budget submissions right after the submissions, or we can wait until the very last submission and deal with all five at the same time. I don't know if anyone here has a preference.

DR. PANNU: I think the latter would be my preference.

THE CHAIRMAN: Okay. That's what we'll do. So then after the office of the Ombudsman has given their presentation, we'll deal with all five.

The minutes of our last meeting are in the binder under tab 3. You are all probably happy to note that the bulk of our binder today was last meeting's minutes. Did anybody spot any errors or omissions? If not, could someone move that we approve the minutes?

MRS. O'NEILL: I so move.

THE CHAIRMAN: Okay. Thank you, Mary. All those in favour? The motion is carried.

Now we'll go directly to the presentation of the office of the Ethics Commissioner for their budget estimates for 2002-2003. I do believe that everyone here has met Bob Clark and Karen South. So at this point I'll just hand it over to you, Bob.

MR. CLARK: Thank you very much. Thanks for the opportunity to meet with you. Karen and I were walking over this morning, and I guess this is the ninth time that we've done this. The first year that the estimates were done for the office was before the commissioner was in place. Karen was the sole occupant of the office, and she did the budget on the first year, so this is the ninth time.

Looking back over the last year, the highlight of the year was the successful separation of the Ethics Commissioner's office and the Information and Privacy Commissioner's office. You may recall the submission we made to you before September, and thanks to the committee and thanks to the Legislature for the supplementary estimate so that we were able to function for the last seven months of the year. I just caution you to remember that the estimates this year reflect a full year of salary for the Ethics Commissioner and a full year's salary for the receptionist. You will recall that previously a portion of the Ethics Commissioner's salary was paid out of the IPC budget, and there was no receptionist until the office had been put in place.

I received from the chairperson the indication of, shall I say, a budget target or budget guideline and really gave a great deal of

serious thought and have earnestly tried to meet that guideline. The bottom line is – and this is the page that I'm going to refer to – that you'll notice, depending on your point of view, that I've been very unsuccessful in meeting that 2.5 percent reduction, and that's basically for three reasons, Madam Chairman.

First of all is the reason I mentioned earlier, that with just three people in the office and my full salary and the receptionist's full salary now coming out of the office, there was no way that we could change that. Up until now Karen's salary has been the only full year's salary that has come out of the office, and you can see from the sheet there that the largest increase is in the area of salaries and employment contributions. So that's one of the three reasons that I wasn't able to meet the suggested target.

The second reason is – and I should preface this by saying that over the nine years we have rather prided ourselves on the fact that every year we turned some money back at the end of the year, and I expect that we're going to be able to do that again this year. How much that will be I can't tell you at this time, and I can't tell you at this time for two reasons. One is that we're still waiting for the final bills from the furnishings and the things that we got to kind of start up the new office on the fourth floor of the same building. Even though Karen did some good rummaging around and got some furnishings from – I used to call it government surplus. What do they call it now?

MISS SOUTH: The recycling centre.

MR. CLARK: The recycling centre. We may have the same results. The furnishings didn't cost as much as we thought they were going to, but we still have got to get bills for some chairs and things such as that. There definitely will be an amount, though, to be returned at the end of the year.

The other reason I can't give you a figure is that when the offices were separated, it was agreed between Mr. Work and myself that the IPC office would supply to us in-house services to look after our day-to-day finances, our human resource issues, our systems issues, and also routine legal advice. So we have a contract we've entered into with the IPC office where they say that for a maximum of \$20,000 a year – I'm aiming at \$10,000 a year but someplace in between. That'll be what we'll be paying them for services in the areas of routine legal advice, systems, human resources, and finance.

It just didn't seem sensible – and we discussed this with you earlier – to have a person in our office doing that. Karen has a lot of familiarity in those areas, but as far as the systems work is concerned – for the first five months it worked very, very smoothly. We've been able to get assistance when our system has been down from the people in the IPC office, all part of this contract. We've used a lawyer more often than we'd like to in the last little while. We've been able to get help there and on the human resources side too. That's up to a maximum of \$20,000 per year. We haven't got the billing yet for the first three months.

The third reason that we weren't able to meet the target – this really is in the area of contract services. You'll notice the \$68,000 there. That's the same amount as we had in last year. The contract services really include how much outside assistance we are going to need. We know of one area where we are going to need some outside assistance this year. I've been advised that there's going to be a review within the next year of the Conflicts of Interest Act. So it's our intention to get some outside assistance there to work along with us in that area. That won't be a big amount of money. Also, from time to time we do get outside legal services to help us. So we have \$68,000 in our budget for outside contract services.

Now, that \$68,000 includes those things. What else does it

include, Karen?

MISS SOUTH: It does include the \$20,000 for IPC services.

MR. CLARK: Those are the three areas, ladies and gentlemen, where there's spending as far as the office is concerned.

As far as this upcoming year is concerned, the major thing we have on the agenda is something I referred to last year: a rewrite of the brochure. The last time we did the brochure was 1992, so we haven't been overly speedy in redoing this. There are some things that we need to add to it, and I don't know how you gently put this other than, in fact, to say that until we had our address, until we knew what the address was going to be, and until you know who the next commissioner is going to be, we didn't think we should complete this. The address decision is out of the way, and when you deal with the other issue, then we can proceed and finish the brochure.

I'd be remiss, Madam Chairman, if I didn't say a special thanks to the committee of the Legislature for allowing me the opportunity to be president of the COGEL organization over the past year. Marlene was at the conference, and I see she's going to report later on. We had in western Kentucky what I think, by the organization's standards, was one of the most successful conferences ever. It was an honour for me to be the president. My responsibilities are now finished completely. The nice thing about that organization is that the day after the conference is over, you're nobody. There are no ongoing responsibilities for this year at all other than the fact that we plan to continue to be part of the organization. It was a neat opportunity for Alberta and I think a neat opportunity for Canada to be involved in a position of leadership at that conference.

9:40

If I might just take a moment or two. Two most fascinating people spoke at the conference. One was Helen Thomas, who is the dean of the White House press corps, and she regaled us at a noon-hour speech one day talking about her experiences with seven U.S. Presidents. She's the lady, if you watch the White House press conferences, who gets up at the end and says: Mr. President, the White House press corps thanks you. She's 84, and she looks it, but when she got up by the microphone – and she spoke about 25 minutes and then had a question-and-answer session – she was absolutely hilarious.

If I can just tell you one story. Obviously, Lyndon Johnson is her favourite President. She was saying on one occasion how during the Vietnam war Frank Church, a Senator from Idaho, was getting some ideas about how perhaps America should be getting out of Vietnam. The President went over to him at a social function someplace and said: Frank, I see you have a number of interesting ideas about the Vietnam war; where are you getting those from? He said: oh, I've become quite a good friend of Walter Lippman, and I really admire what he's been saying and the approach he's been taking on this issue, and I think we should seriously consider it. The President supposedly, according to her, put his hand on Church's shoulder and said: the next time you want a dam in Idaho, why don't you go talk to Walter Lippman? As Marlene will say, she was really a remarkable person.

The other speaker whom I found tremendously interesting – well, there were a lot of them – was the lawyer who made the arguments before the Florida Supreme Court for the George W. Bush campaign. He started off by saying: I'm a Democrat. He said: the reason I took the George W. Bush case was because they were the first ones to ask me. Then he went on to talk of the experience. There were a number of people like that at the conference.

I came back with one big lesson I learned. This really came as a

result of a panel where a variety of people took part in the situation that developed in the state of Kentucky. I'm going to send a letter to the three caucuses. I think that once a year it's important to come to a caucus for just five or 10 minutes and talk about how important it is with issues of disclosure, the importance of those. That's something that came up at the conference down there. I think, Marlene, you've made some comments on that. A number of other jurisdictions do that even though it's a routine kind of thing, a way of kind of highlighting that to people, and it's something that we talked about down at the conference.

I should also say that Karen is on the board of directors of the Ethics Practitioners' Association of Canada. Last year you'll recall that in the budget we had \$10,000 to help support ethics organizations. We did not spend that. We've concluded that a far better way to do that is for ourselves to be actively involved in one or two of these organizations, or three or four of these organizations. So Karen is taking on the position of being one of the directors for western Canada, and the group that Karen works with several times a year has a couple of noon-hour sessions with people from law enforcement groups, universities, the health area, the government where they talk about ethical challenges that you face day to day, the things you're involved with, and exchange points of view and ideas on how you handle those kinds of issues. So we've really moved in that direction since last year. I think that's a much wiser move, and we're not spending that \$10,000 either.

So, Madam Chairman, that's a quick overview of the budget. Suffice it to say that we have advised Alberta Infrastructure that we will have no capital needs for the next three years. Our budget for the next three years should stay as this is. I see no reason for a change unless there are significant changes in the conflicts of interest review that comes up.

THE CHAIRMAN: Great. Well, thank you, Bob, for the presentation, and I should say congratulations on a successful year and the conference, and all the best to you with your directorship, Karen.

I've got Mark on the speakers' list.

MR. HLADY: Thanks, Janis. I just want to understand. Both yourself, Bob, and your receptionist were not in this budget. I'm sorry; I'm just trying to understand. Were you under the FOIP budget? Where were your salaries coming from?

MR. CLARK: More than half of my budget previously for my old salary was coming out of the FOIP office, and that was up until September 1, and then all the budget for my salary comes out of there. Also, Mark, we added a receptionist to the office. That receptionist was not in place before.

MR. HLADY: That receptionist was a FOIP receptionist, I take it.

MR. CLARK: No. It's someone new.

MR. HLADY: Okay. Thank you.

THE CHAIRMAN: Marlene.

MS GRAHAM: Thanks, Janis. I know I'm on the agenda later to give a report about the COGEL Conference, but while Bob and Karen are here, I just wanted everyone to know how truly proud we were of Bob. He really did represent us all well and, you know, in his usual fashion and with the goodwill that he exudes. Certainly his experience and leadership has gained the respect of the people in that

organization, and that was very evident. There was quite a contingent of us from Alberta, and we were all very proud of Bob. Karen, I know, had done backup work and wasn't able to be there. I think Frank filled in for you on the panel – didn't he? – or Bob filled in on the panel, but Karen certainly had done lots of work too.

Well, I guess, Bob, you're glad to be done.

MR. CLARK: I am. Yes.

MS GRAHAM: Yeah. But it was – I'll tell you more about it later.

MR. CLARK: In the course of the year we had to remove the service provider for the organization, which really was like a secretariat. About March of last year we changed secretariats for the organization, which meant removing one group and hiring another group, doing that by telephone and conference call and so on. It was a good experience, but it's one that I'm glad to have behind me, frankly.

THE CHAIRMAN: Yvonne.

MRS. FRITZ: Thank you. I always find your presentations so interesting, Bob. I had one question, though, about the budget when I was reading this over, and that was on contract services. I wondered why that's not listed under manpower; you know, when they do the personnel side of it for approximately \$20,000 and what not, why it comes under a service facilities area. Is there any reason for that? I know it stays relatively the same each year.

MISS SOUTH: I think the manpower usually goes for the positions within the office itself, and these are contracted-out services. The full-time used to be professional/technical/legal services, I think, and that's what it encompasses: things that we contract outside the office as opposed to the manpower, which are people who are actually with us.

MRS. FRITZ: Have you given any thought to having the services that are required that seem to support the operating, like the personnel services, be a position within your area?

MR. CLARK: Yes, we did, but our sense was that to get someone who could do some systems work for us, who could do human resources work, and who could do financial work to the satisfaction of the Auditor General, we would have to pay an awful lot of money, an awful lot more than \$20,000. We have a good working relationship with that office, so it seemed to us to be a good financial decision to do it this way, and they were quite keen to do it. So that's why we've gone that way.

MRS. FRITZ: Can any of that fit under our human resources department of the government? Like, when I looked at the long-term disability area and other services that come under contract services, can any of that fit under HR or another department, or does that have to always remain within each area?

MR. CLARK: I think it's a real advantage to the legislative offices to have that handled by legislative officers as opposed to government departments. In the early stages of this office the Clerk's office used to handle that for us. How shall I say this nicely? We've declined the invitation to have it done by government departments because this is a legislative office and we're separate and we didn't think that that was the way it should be done.

MRS. FRITZ: Was there any discussion amongst you as officers of having it be one pooled area?

MR. CLARK: Yes, there has been some discussion of that in fact.

MRS. FRITZ: And is there any benefit to that, Bob?

MR. CLARK: There may be. There's certainly a big advantage having the two offices together. I don't know how many people are in the Auditor General's office, but I do know that the Chief Electoral Officer uses a person from IPC to do their human resources work, so there is some of that happening. She's on contract to IPC, and she does some work for the Chief Electoral Officer also. So that's been one way of doing that. Getting a person who understands PayPlus and Imagis and those weird and wonderful things is a big task.

MRS. FRITZ: Thank you. I know there must be other questions, so I'll stop.

THE CHAIRMAN: Don.

MR. TANNAS: Thank you, Madam Chairman. Bob, help me to understand. As I understand it, the position of Ethics Commissioner is a part-time position. So we've gone from a two-hats-on-the-same-head position to here, and we've got total moneys for salaries of \$174,500. Now we go back to a part-time position, whether it's three-fifths or whatever, yet the increase is \$45,500. Is that solely made up by the secretary?

9:50

MR. CLARK: No. The bulk of it was made up by the receptionist, but in all likelihood – and this is just a ballpark figure, Don. IPC was paying 60 percent of the Ethics Commissioner's salary in the past; okay? Like, 60 percent of the salary that I was getting previously was being paid by IPC, 40 percent by the ethics office. How much of that difference – it likely is \$20,000 or \$25,000 that we've added onto the ethics side. That's a ballpark figure because – well, there's nothing to hide. I think my salary was something like \$125,000 and then the add-ons after that. It's now \$95,000 as a result of the part-time.

If you ask me how much the part-time is, there are the 83 MLAs, there are 75 senior officials that we do the disclosure with in the course of the year, and then the rest are people getting hold of Karen and letting us know changes and then whatever happens in the course of the year. Quite frankly, this last year has been very quiet up until recently. The year before that we only had one investigation. So it varies a great deal. Generally, we average between one or two a year. Is that right, Karen?

MISS SOUTH: We've had two years where we've conducted no investigations. The one that's presently under way is the only one for this fiscal year so far.

MR. TANNAS: I mean, the number of investigations is only part of it. It's like a policeman on a beat. If there are no arrests, you're still doing your job.

MISS SOUTH: Giving advice is probably the primary responsibility.

MR. TANNAS: Thank you.

THE CHAIRMAN: Denis.

MR. DUCHARME: Thank you. If I could just do a little bit of housekeeping here. I know we've discussed a little bit in terms of the salaries. When I look at the supplementary estimates that we did at our last meeting back in I believe it was September, we showed that for the salaries we were setting the budget figure at \$183,000. Now when we come in with the budget submission today, we're showing it only as \$174,500, so I was wondering if I could get a little bit of clarification on that. Also, working with the \$220,000 that you have indicated there now versus the \$183,000 that was in the supplementary estimates shows an increase of \$37,000, which is basically roughly a 20 percent increase rather than 26 percent. Can you give us a breakdown of how that \$37,000 is going to be expended?

MR. CLARK: Yes, I can. That additional money for salaries will be for five additional months for the receptionist and five months of paying the full salary for the commissioner.

MR. DUCHARME: Okay. And the discrepancy between the supplementary estimates and your budget?

MR. CLARK: I'm not doing so well there. What page are you looking at? Is this the front page, Denis?

MR. DUCHARME: I'm comparing it to the front page, and then I'm comparing it back to when we met in September to discuss the full-time position.

THE CHAIRMAN: Bob probably doesn't have a copy of the document. In our minutes from the last meeting, Bob, we have copies of your supplementary requisition.

MR. CLARK: Would you go again, Denis, just quickly?

MR. DUCHARME: Okay. If you notice on the supplementary the total for the salaries, we went to \$183,000 when we set it up as full-time. Yet in today's budget submission for the 2001-2002 estimate, you're showing it as only \$174,500.

MISS SOUTH: Since Bob's appearance here we did a reduction based on the salary, and it was about \$10,000.

THE CHAIRMAN: That's true.

MR. DUCHARME: That's correct. I do recall. Thank you very much. That's it.

MR. CLARK: Thank you, Karen. Denis only asked that, Karen, just to be sure that . . .

MISS SOUTH: We did do it.

THE CHAIRMAN: Okay. Do we have any other questions, comments?

Bob, before you go, while we know that you're not leaving as an officer of the Legislative Assembly, we would like to acknowledge your dual role for a number of years being both the Ethics Commissioner and the Information and Privacy Commissioner. On behalf of the committee I would like to present you with a small token of our appreciation both for your contributions to this committee and to Albertans as a whole. Thank you very much.

MR. CLARK: This isn't worth more than \$200; is it?

MR. HLADY: It's a test.

MR. CLARK: I'll do an evaluation of it.

Might I just say thank you very, very much for your support and interest in the office. I would just say this, that unfortunately the only times you hear about us is when we're not successful. I have as much regret in those kinds of situations as I'm sure all of you do, wherever you may sit in the House, but such is the job.

MRS. O'NEILL: Bye, Bob.

MR. CLARK: Bye, everyone.

THE CHAIRMAN: Thank you very much.

I would make a suggestion here. While we bring in the next group, Marlene, would you be willing to give your report? That would move us to item 10.

MS GRAHAM: I think so. I have a copy of it here.

MRS. O'NEILL: Janis, may I say something?

THE CHAIRMAN: Sure.

MRS. O'NEILL: I should have indicated this earlier. Bob's mother passed away the day before Christmas. My apologies; I should have let you know. Although he did indicate that she was suffering and that she had lived a good, full life and they celebrated her long life, I think we should perhaps as a committee send a message or something.

THE CHAIRMAN: I'll take care of that. Thank you for bringing that to our attention.

MRS. O'NEILL: My apologies for not alerting you to that before he came in. I'm sorry.

THE CHAIRMAN: All right. Thank you, Mary. Marlene.

MS GRAHAM: Okay. Well, all of you I think are now receiving my written delegate's report. I represented the committee. I represented Janis as the chair at the COGEL Conference. I didn't know how to pronounce it when I went down there, but it's the Council on Governmental Ethics Law, and it's been in place since 1974.

I'm just trying to think back. When I looked at the history of it, it was started at the Watergate Hotel in Washington, D.C., and I'm sure it must have had something to do with the Nixon/Watergate scandal because they quickly established a lot of these ethics agencies statewide and federally, with the idea being to just exchange information on conflict of interest, campaign financing, and lobbying laws. Anyway, it has evolved into an organization, and an annual convention is held somewhere in North America. This year, of course, it was in Lexington, Kentucky. Bob, as you know, was the outgoing president, and we had as part of our group Frank Work, the Chief Electoral Officer, the Deputy Chief Electoral Officer, and also the city clerk and FOIP co-ordinator from the city of Calgary, so we had quite a group from Alberta. Other provinces were represented and the federal government as well. There were some 300 delegates from all over North America, U.S. federal government agencies and state agencies.

I'd never been to Kentucky, but I'd certainly recommend it to any of you. Lexington, I learned, is the horse capital of the world, and

it is absolutely beautiful. The horse farms that surround that area – it's like out of this world. They are absolutely beautiful. Not that we got to see much of that, because the only sightseeing we did was at night when they would take us to different functions, but we did get to look at the State Legislature Building. They opened it especially for us one evening. It's not unlike our own Legislature; you know, similar styling, probably about the same age.

Bob talked a bit about the program, and it really was quite excellent, particularly the plenary speakers like the Helen Thomases, and they were really outstanding.

10:00

The rest of the program I thought was well done, and it touched on all of the various areas that you would expect. I think I've already mentioned them: ethics, election campaign finance, lobbying, and freedom of information. I participated on a panel in place of Janis called A View from the Lawmakers, and it was to talk about governmental ethics agencies. My fellow panelist was the House Majority Leader for the Democrats in the Kentucky House of Representatives, and he's the most long-standing House majority floor leader anywhere in the U.S., so he was a very polished individual. During this panel there were a lot of good old boys from Kentucky, and the conversation got going, "So, Greg, you should run for governor; we're all here to see you run for governor." So, you know, it kind of went in a different direction. The moderator was a retired judge, Judge Anthony Willmot, and if you think of Colonel Sanders, he would kind of put you in mind of that: very, very charming.

Anyway, the questions that he put to us after we made the presentations on how things operate in our jurisdictions were: are ethics laws a working tool for good government or pesky window dressing for good PR? How should the regulators and the regulated live together? Must it be mutually assured destruction? As you can see from these questions, there exists in most of the jurisdictions in the U.S. I think a much more adversarial approach to the relationship between legislators and regulators than we experience here in Alberta. Thankfully, we don't. It just seems that the attitude of most of these regulators is that legislators, by and large, are going to break the laws and that they as regulators must be very aggressive in overseeing the regulated activities. Obviously, I found this attitude to be quite disturbing. I think I was maybe only one of two legislators there. There was a state Senator from Kentucky, but largely I don't think legislators attend this conference.

I guess there must be good reasons why they have this attitude. I know that in Kentucky the state legislators are not full-time. Well, the job is full-time, but they're not paid full-time, so everybody has to have another source of income if they're not independently wealthy, and I think that that kind of sets people up for getting into conflict-of-interest situations. I just think that we are very fortunate to have the good working relationship that we have with our Ethics Commissioner and our other Legislature officers, and I would say to all of you that we need to ensure that we maintain that and we never let things get to the point where we lose that good working relationship, cordial but businesslike.

As a result of that, I think the most beneficial thing that I could say I learned, coming out of that, is that we have to protect what we've got. You know, for myself, my awareness of the importance of ethics laws was brought home to me. Certainly the situation that has developed for us here locally added to that, but I echo what Bob said. I think we need to do more things to bring home to all of us what the requirements of the Conflicts of Interest Act are, whether that be annual workshops or, as Bob mentioned, appearing before each of the caucuses just to remind us of what our responsibilities

are. Maybe a newsletter setting out case histories of what has happened in other jurisdictions when the rules were broken and perhaps a more thorough annual personal interview with the Ethics Commissioner would be some things that we could consider. So those would be my suggestions.

I've gone to a lot of conventions in my lifetime, and I must say that this was probably one of the more positive and enjoyable ones that I've attended. When I got back, I was pleased to see that I had been – I don't know how you would say it – awarded the commonwealth of Kentucky Honorable Order of the Kentucky Colonels. So I'm a Kentucky Colonel, which I guess is the highest honour awarded by the commonwealth of Kentucky. That's what they call it, the commonwealth of Kentucky. So I'm getting that framed.

THE CHAIRMAN: Good for you. Well, that's great. Thank you for your report, and thank you for representing the committee at that conference.

MS GRAHAM: It was totally my pleasure.

THE CHAIRMAN: Are there any questions for Marlene? No? Okay.

We should go and see if our next presenters are here.

DR. PANNU: I just wanted to thank Marlene for the report. I think that the suggestion you made with respect to perhaps an annual newsletter is a good idea. You know, until we had this most recent problem with one of our colleagues, I had limited my attention to my own affairs and hadn't looked more broadly at the obligations that we all have that arise from the Conflicts of Interest Act. So we do need to be informed. Although we think we know everything, I think it's a good idea. For our own good I think it would be a good idea to have some sort of bulletin or perhaps a workshop.

MS GRAHAM: Thanks.

THE CHAIRMAN: Well, I'd like to welcome Frank Work, who, as you know, is our Acting Information and Privacy Commissioner, and Suzanne Frederick, who is the financial officer. Welcome today, and we look forward to your presentation on the budget estimates for the office of the Information and Privacy Commissioner.

MR. WORK: Thank you, Madam Chairman. Good morning and happy New Year to all of you. I know you have the package that we sent over, so I wasn't going to go into a great deal of detail by way of introduction or presentation. I thought I'd wait and see if there were any specific issues that the committee wanted us to address. As you'll see in the budget, overall we're going with a 2 percent reduction from 2001-2002. The reduction is largely managed through a decrease in discretionary expenses: travel, a 20 percent decrease there; hosting, a 20 percent decrease there.

We've been fortunate in some ways. Our data processing estimate has been reduced by 50 percent since we changed our payroll outsourcer. We've gone away from – well, it was IBM. What was it called? PayPlus? We've left PayPlus. It was just more than a small office like ours needed to handle our payroll. We're going with a smaller company called Ceridian, and that's made a significant reduction in those costs. In addition, as it says in the letter, the government of Alberta has revised the Imagis financial system formula. We realized some small cost reductions from that.

Historically, I know, Bob Clark came to this committee with a sort

of puzzled look on his face sometimes because we're in the position under both the FOIP Act and the Health Information Act of basically responding to government initiatives. For example, under the Health Information Act any kind of health information initiative has to be accompanied by a privacy impact assessment, which has to be delivered to the commissioner's office. So in the years where we heard that it was going to be a busy year for health and that we're going to have a lot of information initiatives, a lot of new information systems and so on and so forth, we've tended to budget based on that anticipation, thinking that we will have a lot of stuff to review and a lot of initiatives to participate in. In the past the degree of activity hasn't been what was anticipated, so we have tended to err on the side of caution. This year we're going to err less on the side of caution, so we've reduced our contract services budget somewhat. Now, this will be the year, of course, where there will be a lot of health information initiatives and I might be representing myself in court or something like that, but we'll see what happens.

10:10

I think it will be an interesting year in the sense that I understand Mr. Mazankowski's report on the health care system is due shortly, imminently. I would imagine that it has always been our philosophy that any initiative to improve the sustainability of the health care system is probably going to involve health care information significantly and Albertans' health care information significantly, and I fully expect that that will be the case. I think that Alberta is very well positioned in that regard because the Health Information Act does exist and it does set some overall rules which, I think, probably allow this province to manage health information better than other provinces might be able to do. It will be interesting to see what happens in that area this year. As I say, I think we've budgeted sufficiently to be able to respond, but if it's something really radical, we'll just have to work with Health and the health professions.

I don't know what else to tell you. There have been increases, of course, faced by all public service entities. The cost of manpower has gone up. That's just a fact of life it seems, and it represents our largest single expenditure. We're not adding any positions. We're short one lawyer, and we haven't filled that position since the lawyer departed. We've kind of got some lawyers doing double coverage in the office, but depending on the amount of activity this year, we may have to fill that position. Bob Clark may have told you that we're sharing services with the office of the Ethics Commissioner, and one of the services we share is one of our lawyers sort of part-time. So if it becomes very busy for either office, we may see the need to fill that position.

I guess the only other thing that I'll mention and then let the committee take over is that we're funding the University of Alberta to the tune of about \$67,000 out of this year's budget for the development of information privacy courses. This funding initiative was begun by the government of Alberta. The Department of Municipal Affairs gave the university the first seed money to develop these courses, and then we agreed that our office would carry the next stage. Hopefully there will be another payment in 2003, and then the courses on information privacy, health information, and so on will be fully developed and fully self-supporting.

The first course was run this previous fall. It was a distance learning course, an Internet course, and apparently was very successful. I'm quite proud of that as an Albertan. It's gotten really very rave reviews from the federal Privacy Commissioner. I know my colleagues in Ontario and B.C. are a little bit envious that Alberta did it first and has the only courses of this nature on information management and privacy in the country right now. So

it gives some bragging rights, I suppose, but I think it's a mark of the commitment of the government of Alberta to the whole notion, by initiating the project and funding it. I'm pleased that we've been able to do a small part in supporting that.

So, Madam Chairman, I don't have anything else to say in terms of presentation, but I'd be happy to answer any questions or address any concerns that the committee might have.

THE CHAIRMAN: Good. Thank you very much.
Mark.

MR. HLADY: Thanks, Janis. Thanks, Frank. Where I wanted to go to is something I just don't see in here. I'm curious about the revenue side and charging for FOIP requests and so forth. I'm taking it that right now anything along that line goes directly into the GRF, but I'm curious about the numbers and how it comes back in regards to cost recovery; you know, the cost of doing one request. Is it being covered by what we would charge for that request and so on?

MR. WORK: Yeah. A good question, Mr. Hlady. The regulations under the freedom of information act only allow the government departments that handle the request to charge. They don't provide for our office to charge. My understanding is that the cost recovery by government departments on an access request is very slight. I'm thinking maybe 20 percent of actual, but I could be wrong about that. As I said, we don't see any of that revenue, and my understanding again is that it goes directly into the GRF.

The notion of fees has long been a hot one. I suppose you might look at it in two ways. Fees are, as you said, one way of recovering some cost, and I suppose the second aspect of fees is that you know who's serious if they're prepared to pay some money for it. The commissioner's office becomes involved in fees when anyone asks for a fee waiver. They make their case to the government department, and the government department comes back with an estimate. "It will cost this much money to fulfill your request." If the person feels aggrieved by that, they can kind of ask us to review that. The usual grounds for relief are either that they can't afford it – they're impecunious – or there's a public interest in having the information go out. We tend to defer to the government departments to some extent on those. If they haven't been able to make their case to the government department, we're not quick to slash fees. We have done, though. There have been some items that the commissioner has felt are in the public interest to go out, and if money would be an impediment to that, then we'll do away with the fee.

Government departments have been very, very good. I talk with other commissioners quite often. We meet once or twice a year. The government departments and the municipalities in Alberta have been very, very good in terms of not using fees to chill clients or to chill requesters. So whether that means that they're keeping their own, that they're absorbing a lot of the cost or not – I mean, that could be the outcome or the result of that if they're not hitting everyone as hard as they could with fees. But I really commend them for that. I haven't seen any sign in Alberta that the fees have been used to chill people, discourage people, from making requests.

I don't know if that's helpful.

10:20

MR. HLADY: Good. Thank you.

THE CHAIRMAN: Mary.

MRS. O'NEILL: Thank you, Madam Chairman. I'm looking at your summary of your budget here. You had mentioned the initiative of the University of Alberta program. Which line item is that contained in?

MR. WORK: I'm really, really embarrassed. I didn't introduce Suzanne when we came in. I just sat down and started talking. Oh, man. I'm glad you did that. When you asked the question, I thought: okay; I'm going to ask Suzanne to answer this. Then I thought: oh, good; I haven't introduced her.

MS FREDERICK: Mary, it's in the contract services line. It's in the \$385,000 that we're requesting. It's mentioned on page 12, where it says "U of A FOIP Course."

THE CHAIRMAN: And it's under contract services?

MS FREDERICK: Yes.

THE CHAIRMAN: Is that it, Mary?

MRS. O'NEILL: Yes.

THE CHAIRMAN: Okay. Yvonne.

MRS. FRITZ: Oh, thank you. I just had a couple of questions, Frank. One was the contract services. There are two areas that have contract services; are there? So there are salaries, contract employees, and wages. Do you have contract employees and legal contract employees? Why are they separated? What's the difference?

MR. WORK: Are any of our lawyers still on contract?

MS FREDERICK: Yes. The lawyers and the commissioner and the assistant commissioner are contract employees, so all their salaries, budgeted amount, et cetera, are included in the manpower section. Under contract services when we talk about hiring anybody, that's fee for service. That's temporary, a month at a time. Maybe somebody comes in and does a judicial review, but staff that are on with us full-time that are contract are within the manpower section.

MRS. FRITZ: I see. So they're actually full-time staff?

MS FREDERICK: Yes.

MRS. FRITZ: But they're not paid employee benefits?

MS FREDERICK: Yes, they are paid employee benefits.

MRS. FRITZ: Oh, they're paid employee benefits as well. So then why are they contracting employees?

MR. WORK: Like the Department of Justice we tended to go with employment contracts rather than employment positions for lawyers. I don't have a really solid answer for that. As you pointed out, Mrs. Fritz, monetarily there's no difference between a contract employee and an employee, but with the lawyers for some reason we've always had them on employment contract.

MS FREDERICK: And we also do legal services, then, under supplies and services. It says "legal" as well.

MR. WORK: That's under contract services: legal – judicial reviews. We use an outside lawyer sometimes. Since we're short one lawyer now, we've had to go back to using outside lawyers if we get taken to court on judicial review. We have one right now in fact. It doesn't happen very often. Again I sort of look at Ontario and B.C. – well, Ontario especially and the federal government absolutely especially. I kind of look at them and heave a huge sigh of relief because they're always in court with government, and we're in court maybe once every two years.

MRS. FRITZ: Okay. Thank you.

Just one last question. I wondered about advertising. On the first page that we have, it's \$15,000 under the 2001-02 approved estimate, and then on page 6 it's \$28,000. I didn't know if it was because of the word "approved."

MS FREDERICK: That's unfortunately a mistake. The summary page at the front is correct.

MRS. FRITZ: Is it? Okay. Thank you. I'll just change that.

THE CHAIRMAN: Is that it, Yvonne?

MRS. FRITZ: Yeah. Thank you.

THE CHAIRMAN: Thank you.

Marlene.

MS GRAHAM: Thanks, Janis. I just have two or three questions, Frank and Suzanne. I'm wondering: were you given a specific targeted reduction? I see that you have obtained a 2 percent reduction overall. Was there a target that you were asked to meet?

MR. WORK: No, we weren't. Of course, we were aware of the target that government departments were asked to meet. We knew what that was. When we started working on the budget, we did have in mind that we would like to achieve the same thing that government departments were being asked to do, and as I said, because of a couple of things that happened with payroll and provider and Imagis, we were able to reduce some of our other discretionary spending. It was a self-imposed target, and we were able to meet it, I'm pleased to say.

MS GRAHAM: Okay. Well, that's good. Thank you.

With respect to the approved estimate for this fiscal year, are you able to say whether your actual expenditures are going to approximate the estimate, or are you in a position to say at this point?

MR. WORK: I think we will have a small surplus. How small I don't know.

Actually, another thing has kind of panned out in this budget. I don't know how many of you get frustrated about IT stuff, information technology stuff, computers. There seems to be a cycle there, a very short one, where your technical people tell you very, very regularly that your equipment is no longer worth the plastic it's made out of and has to be replaced. Well, we kind of hit the high point in that cycle last year. We replaced a lot of computer equipment at great expense, and that will come out of the '01-02 budget. So for '02-03 we've paid that cost, and I think we'll have maybe a year or two where we won't have to replace as much hardware as we did this previous year, but the hardware replacement will mean a lesser surplus at the end of this year.

MS GRAHAM: So when you say “a small surplus,” approximately what do you anticipate then?

MS FREDERICK: Approximately \$100,000, I would suspect, at this point anyway.

MS GRAHAM: Okay.

You’ve made significant reductions in some areas of your expenses, and I just wanted to know how you felt you could reduce them so significantly, particularly in the contract services. Maybe you could elaborate a bit more on that. I would expect that that’s where your initiatives for the Health Information Act, at least the public awareness campaign, would probably come from. I’m also interested in why we’re doing that again. I thought there was, you know, a campaign to do that last year. I’d be interested in knowing just how much additional work did occur in your office this fiscal year relative to the Health Information Act.

10:30

MR. WORK: The four big initiatives that are emerging from the Health Information Act which have financial implications for us and which we deal with usually out of that contract services area are these. There’s a service provider project, which Health is working on, which basically would be a turnkey operation, which would give all Alberta physicians the ability to automate their files. The idea is to give them a package. You know: here you are; set it up, and we’ll show you how to plug in your computer. That’s called a physician’s ASP, and Health and our office are working on this right now. Obviously, when you automate something like medical records, there are significant security, privacy, and confidentiality implications, so that’s how we get involved.

The second initiative is the ethics review committees. Because of the Health Information Act Alberta is the only province that has, like, an official registry of approved health research projects. So there are five bodies in Alberta that can approve health research, and whenever they approve a project, they have to inform the commissioner’s office that they have. We don’t get to say yes or no; they just have to tell us. We’re like a land titles registry of research projects, and it’s part of our mandate to run that. The cost implication of that has been that we needed to get all five of the appointed ethics review boards working from a somewhat consistent approval process so that there was not only uniformity for the researchers who are going for the approvals but also uniformity for doctors or hospitals or the custodians who might be asked for the information by the researcher. So we’ve had one person in our office, Ms Gallant, whose main job for the past year has been working with the ethics review committees to get this level of consistency.

Now, what does this mean in terms of costs for us? We’ve just purchased the software, and now we have to go into the training. What we want to do is we want to be able to put these notices of research approvals on-line so that if someone, say my son’s respiratory specialist, says, “Would you be interested in participating in a study on a new drug or a new application of a drug for asthmatic children?” I could ask the doctor more about it, or I should be able to go on-line and find out who got the approval for the research project, who is sponsoring it, where it was approved, and where I can find out more information and, importantly, who I can talk to if I have concerns about how the research is being done or if I have a complaint. So we want to put those approvals on-line so that people have access to that registry.

Interestingly, the researchers in the province are really keen about this. You might have thought that they’d be a little antsy about

having their projects kind of made public, but in fact I was at a meeting in Calgary and they’re quite enthusiastic about having this registry up and running. While our staff do a lot of the work, the cost of buying software, hardware, and so on, comes out of contract services among other places. You need sophisticated programs, apparently, that you need training for, and that’s a contract service.

You made a good point, Ms Graham, about informing Albertans about the Health Information Act. Probably, in my view, the largest initiative under the Health Information Act for the department of health is this consent registry that – well, they’re not struggling with it; they’re working on it, making progress on it quite readily, I guess. At some point they are going to have to do this overall consent thing among Albertans to the network, the health information of Albertans. The idea of the consent registry was rather than having every doctor, every pharmacist, every chiropractor having to ask their patients for consent all the time, if it was just done once and put in a registry that Health would manage, then the public would be informed. You know: “Please give us your consent to network your information, and here are the implications of it. Here’s what it’s going to mean to you, and here’s the downside.” You’d do it once, get it in a database somewhere, and as health care providers become networked, they’ll be able to tell immediately whether or not the patient’s file has been networked and whether the consent has been given.

The consent registry is a complex issue both technologically, because of the size it would have to be, and philosophically, because you’re asking Albertans to give their consent to something that’s a little bit vague at the moment because we don’t have a Wellnet per se yet. I mean, it’s starting to piece by piece take shape. Again, it’ll be interesting to see what Mr. Mazankowski recommends, because he may recommend that a whole bunch more pieces of the puzzle be filled in. But the consent registry is a large undertaking. We’re spending a lot of time on that.

In terms of expenditure, when the blueprint of the consent registry is finalized, we may want an outside third party to look at it and see if there are any flaws either from a security point of view or a privacy point of view. The last thing you would want is for that kind of database to be vulnerable in any way.

The last one is the pharmacy information network, and that’s coming along very well, I understand. We’ve been consulting all along. We will be involved once the plans reach a fairly final stage. We will take them and do like a third-party referee review of the pharmacy information network. We don’t keep the kind of expertise on staff that we might need to look at a pharmacy information network either in terms of information technologists or health information specialists, so again the expenditure implication for that would be to hire contract people as outside reviewers of the final proposal for that pharmacy information network.

Those are the initiatives and the implications for the contract spending that I’m aware of now.

THE CHAIRMAN: Before we move on to Denis, I just wanted to point out that there are some errors that we probably want to correct before this document goes to Treasury or anybody else. If you take a look at the breakout pages, starting with page 4, we should have 2002-2003 estimates. You’ve got it again on page 6, where you’ve repeated 2001-2002.

MS FREDERICK: Right. That’s the advertising. Okay.

THE CHAIRMAN: Then it’s repeated on page 9 and page 10.

MS FREDERICK: Okay.

THE CHAIRMAN: Okay, Denis.

MR. DUCHARME: Thank you. I just have a few questions dealing with the Health Information Act. I'm just wondering if you could inform us as to what increase in the 2001-2002 budget took place because of the Health Information Act coming into force.

MR. WORK: I'll have to answer it in two parts, Mr. Ducharme. In contract services probably about \$130,000 in terms of wages and salaries, manpower. When the Health Information Act came into force, we set up a four-person health information team in the office: a team leader, one portfolio officer, a communications person, and a large part of a lawyer. Now, in terms of percentage of our manpower budget, that's four FTEs.

10:40

MS FREDERICK: It works out to, I think, about 30 percent.

MR. WORK: Of our manpower budget.

MS FREDERICK: Of our manpower budget, yes.

MR. WORK: So 30 percent of \$2 million. As I said, on the contract services side about \$130,000 is probably attributable to HIA initiatives.

The other items, you know, like travel and professional fees and training and stuff, I can't break them out for you. I can't off the top of my head break those out, but you can probably use the 30 percent figure across those budget items as well.

MR. DUCHARME: So for a total we'd be looking at nearly, I would say, a million dollars a year. Would that be a fair estimate?

MR. WORK: Yeah, very close.

MR. DUCHARME: Now, I'm making the assumption that the million dollars was to get geared up for when the act did come into place. So therefore you're anticipating that these types of expenditures will be ongoing. Or do you think that we may be facing a visit back to this table for supplementary estimates down the line during this fiscal year?

MR. WORK: No, I don't anticipate coming back for supplementary estimates. I think we're well positioned to deal with what we do see out on the horizon. Even if something very significant happened this year, like there was a major push on Wellnet initiatives, I think we could handle that. I suppose the worst case scenario and even then – the nice thing about the way the office is set up, I suppose, is that I can shift people between freedom of information and HIA if I have to. We have some flexibility there. So I'm very confident that this will position us to deal with whatever comes up. If we got sued a whole lot, if we got taken to judicial review really a lot of times this coming year, that would really throw things off, but that's the worst case scenario, and I just don't see it happening. It hasn't been the practice in Alberta in the past six years, and I can't see it happening now.

MR. DUCHARME: Thank you.

THE CHAIRMAN: Raj.

DR. PANNU: Thank you, Madam Chairman. Frank and Suzanne, I just have little questions. I was impressed by the reduction that

you show in the data processing item, 50 percent, and part of it contributed by lowering costs related to the Imagis program. What would be the amount that you saved from adjustments to that item, Imagis?

MS FREDERICK: Right now we're on the Imagis financial system, which is accounts payable basically. For this fiscal year, 2001-2002, we have contributed approximately \$7,000 toward the cost of the whole megaproject there. Next year they're telling us that we should be looking at approximately \$4,000.

DR. PANNU: So about \$3,000 from there?

MS FREDERICK: Yeah, I think it's going to be about \$3,000. I'm hoping.

DR. PANNU: What's the change in the basis on which these costs are now charged?

MS FREDERICK: On the Imagis system?

DR. PANNU: Yes.

MS FREDERICK: The government went and did a project and took a look at how they're allocating. They had a few very small departments, or ministries, that were on the system and some very large ones. They went and did a review of the contract that they have with IBM and how they were allocating it, why some ministries were maybe only paying 30 percent and should have been paying more. We were fortunate to be a small ministry, and they determined that our percentage should be lower. Now, others went up, but ours did go down.

DR. PANNU: Oh, I see. Okay. And how about the data processing part? You have found some outsource that's a lot cheaper. Is this just by accident, or is it that costs are coming down in general?

MS FREDERICK: No, it's not by accident. The majority of the government is on Imagis payroll as well, and this office chose not to ever be on the Imagis payroll system because of its cost. We were with IBM on a much smaller scale system. IBM chose to raise our contract rate for the next few years at an exorbitant rate. There was no way we could pay that kind of money for the services, so we went out and we found a private outsourcer. Ceridian is who we found, and Ceridian is going to be doing it for a very reasonable cost, what it should be for a 35-person payroll system considering we have expertise in-house and we're just using the service. So a significant cost reduction there. This fiscal year our contract with them was approximately \$13,000. We're going to be paying about \$3,000 or \$4,000 with Ceridian, and IBM was going to be wanting to raise our contract to \$70,000.

DR. PANNU: I wonder if there's something to be learnt by many of the other departments.

THE CHAIRMAN: Are there any other questions? Don.

MR. TANNAS: Just a couple of quick ones. The percentages are large, but the amount is small. Page 10, telephones and communications: I was just wondering what prompted a doubling there. Is it the cost of long distance? Are you on the RITE number?

MR. WORK: That's a good question because something significant

did happen there.

MS FREDERICK: Yes, something did. It was the voice mail system, actually. Previous to this fiscal year we didn't have it. We just got this voice mail system in now, and the voice mail system is costing us the \$4,000 a year and the maintenance.

MR. TANNAS: Okay. The next one is on the next page, repairs and maintenance. I presume that the computer maintenance is the one that goes up by 166 percent.

MS FREDERICK: Yeah. Exactly.

MR. TANNAS: Because you were saying that the equipment is, you know, kind of up to snuff, and then suddenly you're going to more than double your repairs on that.

MS FREDERICK: This is more of a positioning thing, a bookkeeping thing.

MR. TANNAS: So where's the negative, then, where this fell out of?

MS FREDERICK: The negative would have come out of contract services and/or materials and supplies and/or data processing.

MR. TANNAS: So you just snatched wherever you could get it.

MS FREDERICK: I've taken it and made it a little bit more compact.

MR. TANNAS: Okay. Thank you.

THE CHAIRMAN: Are there any other questions or comments? If not, I'd like to thank both Frank and Suzanne for their presentation.

We'll now bring in the next presenters. I expect we probably have two minutes if anybody needs to take a break for whatever purpose.

[The committee adjourned from 10:48 a.m. to 11 a.m.]

THE CHAIRMAN: Good morning. I'd like to welcome Peter Valentine, whom we all know. I'd also like to welcome Monica Norminton, whom I think everyone here also knows. They're here to present the budget estimates for the Auditor General for 2002-2003.

MR. VALENTINE: Well, thank you, Madam Chairman and members. Monica and I are pleased to be here today. We provided you with some material before Christmas. I hope everybody received it in a timely way and has had an opportunity to spend some time with it.

We're going to take you through a little PowerPoint presentation, and I will make some comments as we go through. As you know, Monica is the chief administrative officer of the office. This presentation will highlight our financial position. It will tell you a little bit of background about how the budget was put together, and it will lead to some questions, I'm sure.

We have followed the same instructions as those that were given to government departments for budget purposes, and that is to reduce by 2.5 percent the 2002-2003 estimate that was prepared in the year 2001. That reduction amounts to \$370,000. This chart shows you the net cost of operating the office on both a budgeted and actual net cost basis year over year. I can tell you that the net cost of operating the office under this budget will increase from the last year actual by

1 percent.

As I said earlier, we've voluntarily chosen to keep in line with the initiative of the government to reduce discretionary spending, and that was the \$370,000, or 2 and a half percent, reduction that I spoke about earlier. In addition, in the year not ended we will return 1 percent of our appropriation to the Legislative Assembly, so we've been able to participate in that measure also. But it is not appropriate to discuss cost increases or the reduction in the budget in isolation, and we want to give you some context of the change in the work demands of the office so that you see what's happening with the money.

If a trend line were drawn against that green background that you see, you would see that there's an increase in audit demands, and they of course result in increased costs. The spike in the hours for 1999 and a portion of the 2000 hours relate to the involvement of the office in the West Edmonton Mall investigation. If you adjust for the hours that were spent on that single project, you'll see a continuing strong upward line of increased work demands on my office, which we'll give you some background on. Just to make that comment relevant, in the 1999 fiscal year we spent 5,500 hours on the West Edmonton Mall issue and an additional 410 in the year 2000. There is some continuing activity in that area, and hopefully it doesn't result in substantially more work.

The solid green line on this chart tells you the time that was spent on our audit activities and projects out with the dotted green at the end. The trend line is the semaphore-type line running across from 130,000 audit hours up to in the order of 147,500 for what we think the 2002 will be.

Our audit hours are increasing. I've made the point that the audit hours and our relevant costs don't decrease just because government spending is put on hold. In fact, the converse is more often true. When times are tough, there's less staff in the departments to do the work, and errors creep in. The former processes that were functioning to provide the internal controls and maintain them may or may not be in existence, and it presents a substantial risk to us in concluding our audit activities, so there's emphasis to be placed in those areas.

I've put forward the information on increasing audit hours, at the same time maintaining that the office is in a unique position to deal with these demands. We have, without increasing our numbers, a fully equipped team to do the audit opinion work, to prepare the recommendations on government operations and management practices, and to complete the audit activities on a timely basis for the June consolidation of the province, as well as to release our report immediately following the tabling of the balance of the public accounts in September. As you'll be familiar, only just before Christmas did we receive a response to our numbered recommendations in this year's annual report.

So the question becomes why are these demands on our limited resources continuing to increase? We've chosen a number of departments here to show you the increased activity based on the number of audit hours. The green tall lines are the Department of Health and Wellness. The burgundy lines, or brownish burgundy lines, are Children's Services. The pale pink or yellowish line belongs to Community Development. We've only taken those departments where the dedicated hours varied by more than 20 percent, in an absolute sense, on average since 1998. You don't see the seven new ministries. They will account for about 28,000 hours of my staff time in the next year. What you do see is the increasing resources required by Health and Wellness across government, Community Development, and Gaming – Gaming is one of the smallest, down at the bottom, but it is increasing – and you see the fluctuation in demands resulting from government reorganizations.

For example, in 1998 Children's Services did not exist, so there's a period from 1999 through to 2000 where the ministry required a large dedication of time. You'll remember that I made some remarks with respect to the activities of the CFSAs and their ability to produce proper financial records on a timely basis. That improved somewhat in the past year, but they are still struggling with a number of problems in that ministry.

We expect that the same trend will exist in the seven new ministries. There's the creation of a new ministry. There's new staff. There are new systems. There's a whole variety of new things that need attention before we can sign off on the audit activities.

There's also the constant growth in Health and Wellness. That's a subject that you've heard a great deal about from a variety of sources, but it, too, affects the demands on my office. In fact, I can tell you that the largest consumer of resources in my office is the health sector.

Lastly, the overall trend, the black line across the chart, shows you the increased use of the resources of the office, a small but upward trend. Looking at our office and what we do, the three sources of work that we do, the teal colour is audit activity, the gray is system hours, and the small line at the bottom is other services such as the work that we performed for regional health authorities on Bill 11 and other activities like that. You can see that we continued to have an increased demand on our audit hours. I would like to have more time spent on the system work, but we're comfortable where it is, and I wouldn't want to see it eroded any.

11:10

How do we do this? We do this through manpower staffing of the office. Here the green is our own staff hours. The red slash marks are agent hours, where agents do work for us; an example would be to do the community college in Fort McMurray. The dark green colour is temporary staff hours, where we need to take on temporary staff in order to fulfill our audit responsibilities at various times during the year, mostly over the busy peak following the government year-end in March. I might point out that that is an effective use of resources, although it's costly. The question is: do we manage it well? We are always seeking improvements in that area. If you were to staff the office for the peak, I think it would be irresponsible because then you would have staff that would be sitting around during other parts of the year and not being effectively used. I think that's about all that's in there.

In the budget request this slide is actually a replication of the bottom half of the budget table that you received with my letter, and it shows a comparison of the budget from last year, the year we're in, 2001-2002, to the budget proposed for the 2002-2003 year. We're asking for a voted sum of \$16,716,000 for both capital and operating purposes. For operating purposes our budget request represents a 2.9 percent increase over the prior year's budget, and our capital request is declined by almost 86 percent. The aggregate decline year over year is 1.6 percent, budget to budget comparison, and I'll explain the change in the dollar request in the next slide.

I should tell you that the way we do our accounting is to include in our financial statements all of the costs of operating the office, even if those costs are actually paid for by another entity within the government. So the office leases, for example, are included in our total professional service costs, and in order to get to the voted amount, you have to reduce the total cost by the leases, which are paid for by the Department of Infrastructure, and the same, too, for leasehold improvements. So we have a comparison of \$16,986,000 voted last year, and this year it's \$16,716,000.

This slide reconciles our current year's budget against net costs. This line of net costs comes from the second from the left column in

the budget table presented to you. At the bottom under the double underscore you'll see under budget for 2001-2002 \$14,713,000. We adjust that for increased resource costs and increased overhead of \$466,000 in the aggregate, and we adjust for the change in audit fee revenue. Our net cost of operations in the budget period is projected to be \$14,825,000, which is a .8 of 1 percent increase, budget over budget, but bear in mind that we are reducing our estimate, as requested, by the 2 and a half percent.

This line reconciles the difference between year over year. It includes changes in our staffing costs, our temporary staff costs, and our agent fees. The salary increases over the past year are included in there, and reductions in manpower costs such as temporary staff services, training, and development partly compensate for the increase.

I can tell you that I anticipate that travel costs will continue to increase. We can't avoid this cost in moving about the province. We have a mechanism whereby we questioned the use of travel, but having said that, you have to go to the client to do the work, so that results in some certain travel.

Our computer service costs are increasing, and that's a subject over which we have no control because we use the Imagis system. As many of you know, in the seven years that I've been in this office, in every situation where the government policy is required for departments I have gone the extra mile, if you like, to make sure that we fall within the parameters of a variety of government initiatives, and that would include using the Imagis system, although I can tell you that the value we get out of it is marginal because we're not really a big enough entity to achieve all of the values. Having said that, we do, as I say, use it. The costs that we can't control in this area are software costs, so we are putting on additional procedures to evaluate the expenditure on software costs.

Lastly, we show that our revenues are increasing. This doesn't mean that we're increasing the number of entities that we necessarily charge fees to but rather reflects how we changed our billing system to ensure that we recover the complete costs of activities performed by our office where it's appropriate to bill the client. One of those examples would be the ATB.

So those are my remarks, putting some flesh around the material that you received before Christmas. Monica and I would be happy to help you with any questions that you might have.

THE CHAIRMAN: Thank you, Peter.

Mark.

MR. HLADY: Thanks, Janis. I have a few questions. Just to start off, what are your FTEs? What were they in 2000-2001 and then this past year, both under your full-time and also your temporary? Do you have that?

MR. VALENTINE: We might have, but you have to understand that if I can't hire in the market, I've got to use temporary services people. When I came to this job, we didn't have a good recruiting system, and we weren't doing well either on campus or at the postgrad level. We should have 130 people. We seem to operate somewhere between 123 and 125. I've tried a number of times to close that gap, and it just isn't doable. I told you last year when I met with you that we were going to do some recruiting overseas. We recruited three excellent people from South Africa, all four or five years past qualification. The third one just arrived recently, in fact. We did that on a fairly cost-effective basis. I guess the happy news about that is that the other two have produced new Albertans since they've arrived. There aren't a lot of professionals available in the province, and we do our best to keep our complement where

it should be. I fear eroding rather than worrying about getting too many.

11:20

MR. HLADY: Sure. Peter, can you just expand on it?

MR. VALENTINE: We can. We can give you some numbers. We were at 115 FTEs in 2000, we were at 119 in 2001, and we have 10 temporary people.

MR. HLADY: Okay. Great. Peter, just to expand on this and comment around this, what is your staff making? As you're saying, with the four- and five-years' experience that you're looking for to get yourself to that 130, what are you paying your staff compared to what they'd be making in the private sector? You must have done that comparison. How far off are you on that? I'm assuming that's why you're having trouble getting to your 130.

MR. VALENTINE: No, that's not the only reason. I think we compete quite well. We compete very well at the university recruitment level and through the student period. By the way, I'm not sure you're aware of our exam results this year, but we had an 80 percent pass rate on 22 students. I think it was tremendous. That's the result of investments made over the years now, I think.

We also compete quite well in the immediate postgrad period. It's when they get to four to six years of experience that we start to have trouble, because in the private sector that individual would be on a track to senior promotions and we don't necessarily have all the room for that. Also, there's a stronger appeal for young people to go into the private sector than there is to join the government. We try to compete against that and we do with a measure of success, but it isn't huge.

Then we start to compete again quite well when you get to the senior, nonpartner professional level and through to the AAGs in the office, and I think the competition there now is quite good. As you know, we went through the Hay system four or five years ago. We implemented that, as the rest of the government did. We jiggered our positions, examined all of that, implemented a new program, and I think it has worked quite well. In fact, I feel quite warm about the whole thing, given that I'm going to retire at the end of the month.

MR. HLADY: Thank you. I look down on your page, your columns on your budget and your forecast, at total professional services and then less the audit fee revenue. Just for structure, then, that \$1.816 million on audit fee revenue, you're deducting it in here.

MR. VALENTINE: It doesn't come to me; it goes to the general revenue fund.

MR. HLADY: Okay. That's because it all goes to the GRF, the year-end audit. That's not coming to you at all?

MR. VALENTINE: Unfortunately.

MR. HLADY: Well, that's fair enough. It's just how we structure that. It all depends on our reports back from the Auditor General how we structure that, you know.

Then the total professional services. You're saying in your notes that you're coming \$700,000 under it on your forecast compared to your budget. So if I brought that back down to your bottom line, you'd actually be more like \$16,286,000 approximately, but you're still budgeting next year to – let's see. You're needing \$16.7 million. So you're kind of up from your actual forecasting

compared to what you're . . .

MR. VALENTINE: Sorry; I'm not with you on the numbers.

MS NORMINTON: He's saying that we're returning or plan to return \$700,000.

MR. VALENTINE: Oh, I see. Yeah. So you're taking the \$700,000 . . .

MR. HLADY: You didn't do a forecast line down to the bottom, but I just did that.

MR. VALENTINE: Yeah.

MR. HLADY: That would bring us actually \$700,000. So you're actually seeing an increase from your forecast to your estimate for next year of \$500,000.

MR. VALENTINE: Yes, that's correct, but there are also already in place some salary costs that are in the 2002-2003 estimate that weren't in that forecast.

MR. HLADY: And that would all be due to salary increases basically?

MR. VALENTINE: Yes.

MR. HLADY: So the salary increases are what you'd say would be making that up.

MR. VALENTINE: That's a big percentage and the cost of agents. Agents, which of course go under fees, that are in the private sector have increased quite dramatically.

MR. HLADY: Okay. Well, thank you.

THE CHAIRMAN: Any other questions?

MR. DUCHARME: If may just ask a couple of questions going back to supplies and services. It was in two areas that you spoke about briefly. That was travel and computer services. You indicated to us in your presentation that more and more travel is required within the province, but I'm seeing a 44 percent increase. You know, I'm just questioning that increase. In computer services you're jumping roughly 428 percent over what you've had over the past couple of years. Are we in a time frame where we're having to replace the majority of our computer equipment?

MR. VALENTINE: Well, dealing with the last one first, we don't have a large equipment issue this year. As you know, we replaced our laptops and went to a common platform because of the security issues that we needed to deal with, encryption on all our files. That's all in place now, so we don't have an equipment issue. Computer service costs will increase 74 percent. Approximately \$60,000, or 55 percent, of that increase is attributed to Imagis' increased costs in maintenance and upgrades. That's really the heart of it. We don't have control, as I said earlier, over the Imagis' costs. We're a customer and you take what you get sort of thing.

Your first question was with respect to travel. Travel will go up because of some further distance travel to locations for entities like the child and family services organizations which are not easy to get to. You've got to drive out, spend the night. Inevitably the meetings

with the boards are late in the evenings, so you've got to spend the night and then drive back. So there's a time and travel cost function there.

The other thing. You've seen the issues with respect to the charges for travel by air in the province. We do travel the same route that you members travel: from here to Lethbridge, from here to Medicine Hat, from here to Fort McMurray, from here to Grande Prairie. We benefited from low fares for a while, while there was competition. Now we're going to paying NAV Canada all those extra fees. You know, WestJet's argument about having the fixed fee of 25 bucks for security alone is impacting us on what we're doing here. I'm going to ask Mr. Kruselnicki this question, but I would think that the same thing exists in every department of the government. It's an issue of that short-range travel cost.

THE CHAIRMAN: Mary.

MRS. O'NEILL: Thank you. In your appendix A under supplies and services, miscellaneous there's a big disparity between what was your 2000-01 actual, your 2001-02 budget, and then forecast, and then I take it over to the three years out. Why?

11:30

MR. VALENTINE: You raise a good point. The increase in 2003-04 and '04-05 is to do with the Imagis consulting. That's where we've allocated those costs. That's our internal accounting systems. The reason for the \$148,000 is that we have some costs attributable to our last bit of renovations – and that's where that is – painting, carpet repair/replacement, and the like. So the \$148,000 that's in the forecast year 2001-2002 is being affected by a nonrecurring cost relating to our renovations.

MRS. O'NEILL: So if I'm correct, then, the \$148,000 is what you are forecasting to the end of March 31.

MR. VALENTINE: Yes.

MRS. O'NEILL: Sixty thousand is what you have spent so far?

MR. VALENTINE: Just to tell you what's in that \$62,000, there's postage and courier, a little bit of insurance on physical assets, some internal meeting costs, a small amount of recruiting advertising, and other.

MRS. O'NEILL: But that is not going to be the case as you project out in '03-04.

MR. VALENTINE: That's more Imagis' costs coming at us.

MRS. O'NEILL: Could I ask you how locked in we are to Imagis?

MR. VALENTINE: Well, it's the platform on which all of your accounting is being done, all of your financial management and financial information systems. The problem in our little store is we don't have enough volume of transactions. We have the same kind of transactions, but we don't have a huge amount of volume. The way they do their allocation of the total Imagis' cost is that we get – I want to be fair about this, but we're beaten up on it a lot.

MRS. O'NEILL: So what you're saying is that it is being costed to you disproportionately to what you think is your usage.

MR. VALENTINE: Yes.

So what are my alternatives? I could install a package of our own and run it ourselves for much less money, or I can stay as part of the development of the overall government system, which has an advantage because I really know the system then. If I go to my own system, I then become reliant on somebody else, not the bigger group that is busy managing the Imagis system the whole time. I think it's more responsible to be a player within the overall system as long as our independence isn't affected.

MRS. O'NEILL: To the tune of \$200,000 a year.

MR. VALENTINE: That's right.

DR. PANNU: Peter, to follow up on the question that Mary asked you on the Imagis system that you use – and the costs are increasing, as you indicate, quite radically. You've already answered part of my question as to why you want to stay with this system although the costs are going up, but is there room there to re-examine that stance that you're taking? If the costs keep going up, alternatives need to be explored, or not. Why not?

MR. VALENTINE: We could certainly do that, but I suggest that my walking away from the system isn't going to reduce the total system costs any. They're just going to get reallocated to everybody else. So if you look at it from an overall government perspective, you know, that's the one picture. The other picture you can look at is our smaller unit, the office, and say: well, we could do this for let's say \$50,000 less per annum. Well, is that a true saving at the end of the day? Will it be a saving? I'm not so sure about that.

We haven't examined it. We have made comments about Imagis. You're aware that we have made comments in our annual report. We've made management letter comments to Executive Council on that issue, and I suspect that there'll be some further attention to the kinds of comments we've been making before we get to these large expenditures.

DR. PANNU: In an earlier presentation we had a few questions on their decision to switch from Imagis to someone else.

MR. VALENTINE: Mr. Sutton doesn't use Imagis. He's on his own little system.

DR. PANNU: But it raises the larger question. You're the right person, perhaps, to comment on it. Does the Imagis' arrangement that we have now deliver to the government comparative costs, prices? That's the question.

MR. VALENTINE: We're in the process of doing some work in that area, and I would think that we'd be ready to report on that in the next fiscal year. I mean, our mandate responsibilities haven't escaped us.

THE CHAIRMAN: Are there any other questions?

I understand that Peter would like to address a personnel issue, so I'm wondering if someone would move that we go in camera.

MRS. O'NEILL: I'll so move.

THE CHAIRMAN: All those in favour?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Motion carried.

[The committee met in camera from 11:35 a.m. to 11:40 a.m.]

THE CHAIRMAN: Mark.

MR. HLADY: I'll move that

we approve the salary of \$141,960 for the Acting Auditor General and that Mr. James Hug, CA, is put into the position of Acting Auditor General for February 1, 2002, and that this would be put forward until we are in position to hire our new Auditor General and he starts work.

THE CHAIRMAN: Any questions, comments? All those in favour?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Motion carried.

MR. VALENTINE: Thank you, Madam Chairman.

THE CHAIRMAN: Well, thank you very much, Peter and Monica.

Actually, before you leave, Peter, on behalf of the committee I'd like to thank you for your many contributions both to the committee and Albertans during your tenure as Auditor General. While we know you have several very long weeks left before you retire, this is your last meeting with our committee, and we would like to take this opportunity to present you with a small token of our appreciation and also wish you and your family the very best.

MR. VALENTINE: Thank you. Can I open it now?

THE CHAIRMAN: Sure.

Just so everyone knows, at lunchtime we invited all of the officers, actually everyone that's here today to present, to join us for lunch. So I guess at this point we can break for that, and then we will reconvene just shortly before 1 o'clock.

[The committee adjourned from 11:43 a.m. to 12:40 p.m.]

THE CHAIRMAN: We're ready for the office of the Chief Electoral Officer. Brian, welcome. If you'd like, why don't you introduce who you have with you today, and then we'll just get started.

MR. FJELDHEIM: All right. Thank you very much. Thank you again for inviting us today. We're pleased to be here. Best of the New Year to everybody. I hope you were all able to have a relaxing holiday and so on. Of course, we were preparing for this.

Bill Sage, the deputy who generally is with me, is vacationing today, so I am pleased to have Glen Resler, the director of registration and financial operations, and Lori McKee-Jeske, the director of communications and operations, along today to help me out here.

I want to thank the committee again for the opportunity we had in June to give you an overview of our operation and what we do or try to do. I think that helped a great deal in setting the stage for our discussions today.

The past fiscal year was a busy one. We provided administrative support to Albertans during the provincial confirmation process. We had a couple of by-elections, if you recall, and of course I know you all remember the general election that we conducted. We also increased the electronic information via the Internet available to returning officers for their use.

We were pleased to conduct those events in what we feel is overall a very cost-effective way. I hope you agree with us. An

overall increase of about 16 percent in total in election expenses between '97 and 2001. Of course, there was an increase in the electorate population. As well, as you are all aware, we had an increase in the fees paid to election officials and for rental of polling places and so on.

In the current fiscal year we've reduced planned expenditures by about \$2.8 million. In many ways, as you know, we have little influence on spending requirements since we're bound by our legislation to provide these services as are required. Traditionally we budget for three by-elections in each fiscal year, and along with that, of course, we have to prepare the list of electors, materials, preparation for rental of polling places, offices, and so on.

A large component of this year's budget estimates is related to register development. As we move away from paying a widespread group of Albertans a small fee to collect information during a traditional door-to-door confirmation process, we increase our use of contract services, in particular those with expertise in managing and updating large databases. We discuss register development with other jurisdictions, and as we go along this path, I'm certainly pleased to keep you updated on where we are in this process at all times. Generally it requires a larger staff complement, including dedicated IT people, and a lot of expenditure is required in the development of a register. I'd be hesitant to drastically increase the size of our staff without being confident that sufficient savings and the efficiency of the whole process could be increased by using a register that is updated by a variety of databases. Most jurisdictions with electronic registers still contact electors some way or another – by telephone, by mail, door to door, and so on – and unless this activity is kept to a bare minimum, that cost adds up very, very quickly. So again today I hesitate to say that we'd never go door to door to update the list of electors again.

The confirmation cost was quite economical when compared with ongoing register costs. In addition, the last process was very successful. We saw over 95 percent of participating electors included in the list of electors. So we're very pleased with the way that process worked, and I want to reiterate that.

Ongoing electronic updates of course are advantageous in keeping information current, and of course you as members of the Assembly may use the information that you received following the election. You received that information in May. That's going to be updated in about a year's time. You'll receive another list of electors for your electoral division and also in years 4 and 5. I will have to explain to you how you can use that information for carrying out your duties and functions as a member of the Assembly, so we need to try to keep that information up to date as well. That acquisition continues to be an issue. We're going work in that area with government departments to try to gain that information and then ascertain its quality.

I'm going to skip a few of these things. I'm going to move on a little bit now to the budget. Our estimates are set out to show you the three programs that our office administers. First is the election office, and that includes salaries and general costs. You're looking at tab A in our information package. That includes salaries and general costs related to the administration of the legislation that we're responsible for.

The second program that we divide our budget into is called elections: the costs of conducting general elections and by-elections, as well as costs associated with our duties under the Election Finances and Contributions Disclosure Act.

Thirdly is the register of electors: the costs associated with preparing and maintaining the register of electors in order to maintain and prepare a list of electors.

In tab A again, that first column, entitled '99-2000, is the amount

budgeted for that fiscal year. Now, that is included so that you can see the comparison for a non confirmation, non general election year. Last time we presented the budget we were asked to compare apples to apples. Well, we've attempted to do that, and in doing so, we had to go back to, again, the '99-2000 budget year, because in the following year we budgeted for a confirmation and a general election, and then in the next year we did as well. So hopefully that will clarify some things. You can see there's quite an increase from that year to what we're proposing this year, but please keep in mind that that budget was presented in 1998.

The column entitled 2001-2002 budget is what the committee approved last year. The 2001-2002 forecast is what we expect to spend. Finally, in the last column, on the right, are our estimates, and that is what we're proposing for the coming fiscal year.

Do I have any questions so far on format, layout?

THE CHAIRMAN: Mark, did you want to hold off till he's finished?

MR. HLADY: I'll wait till you're finished, Brian. That's okay.

MR. FJELDHEIM: Okay. I'd like everyone to note that from last year's budget to this year's budget there's a drop of 67 percent.

THE CHAIRMAN: I think he was waiting for us to comment.

MR. FJELDHEIM: As a matter of fact, I was. There was some debate in the office whether I should say that or not. I said: oh, yeah. I guess these guys were right.

From '99-2002 there's a 46 percent increase. However, excluding the register there's an increase of only 16 percent, and that's due mostly to an increase in salaries and fees. So again that's our overview, where we're at.

I'll ask you to turn now to tab B, which you have. That's our election office program. For salaries you can see the budget once again, the forecast and the estimates. We do not have the '99-2000 in this grouping because this is exclusive of what is presented under the election and the register program. This is strictly to run our office, so that's consistent from year to year. We slightly overspent due to wage settlements and bonuses in the collective agreement and for management pay increases and bonuses in that area as well, and that was directed by the Public Service Commissioner. In wages the small amount is to cover off summer help when we need it.

Contract employee, the third item. That's me. As you can see, no adjustment has been made to the salary amount for the fiscal year. I was asked prior to the meeting – I did not want to be presumptuous and come here and put in a big increase or a small increase. Again, quite seriously, I did not want to be presumptuous to the committee and put an amount in, so that's why I didn't.

Travel. That's a fair amount, as you can see. That's the car that I have and related expenses as well as general administrative travel for our office.

Finally, telephone and communications you can see has taken quite a jump. Also, as was in your notes, you can see that that is because the Department of Innovation and Science has transferred that expense to the office.

So those are my comments under the election office program. Does anyone have any questions on that?

12:50

THE CHAIRMAN: It's a hold-off, Mark?

MR. HLADY: Yeah.

MR. FJELDHEIM: Now I'm getting nervous.

All right. Next we have the election program. Again, you can now see from the '99-2000 to 2002-2003 estimates – I don't think there's anything unusual here. As I believe you all know and as I mentioned earlier, we budget for three by-elections. The increase of \$38,000 from the '99-2000 budget is due mainly to the increases in advertising costs that are required by the legislation and adjustments in the fee schedule for election officials and rentals.

You'll note that hosting is \$2,500. "Good grief, Brian. What are you doing?" Well, that's due mainly to the cost of lunches for returning officers in wrap-up sessions. After we have an election, we get together with returning officers and have a "How goes it? What can we do better? How can we improve? What worked? What didn't work?" and so on. So instead of each of the returning officers going out and buying a meal and then claiming it and coming back and so on, we put on a lunch, and it's covered under hosting. Any questions under that?

MR. HLADY: Just to speed up the process. You budget for three by-elections, so what's the cost? What do you budget for the cost of a by-election?

MR. RESLER: The costs will vary. What we used as a benchmark for the last two by-elections, Edmonton-Highlands and Red Deer, was around, for an urban one, \$70,000.

MR. HLADY: And a rural one?

MR. RESLER: A rural one – let me pull it here. That would be closer to \$50,000.

MR. FJELDHEIM: From \$50,000 to \$70,000.

MR. RESLER: The biggest difference is advertising. The cities are much more expensive. Like, Edmonton-Highlands is \$25,000 alone just for advertising.

MR. HLADY: Okay. Thank you. I'm still on the list.

MR. FJELDHEIM: Any other questions under the election program?

THE CHAIRMAN: Marlene.

MS GRAHAM: Thanks, Janis. I'm just wondering why there's such a large discrepancy under budget for '01-02 versus the forecast for advertising and contract services and rentals. Maybe I've missed something. Did I miss something in the notes that would account for that?

MR. RESLER: Did you say the rental forecast in year – which one were you comparing?

MS GRAHAM: Yeah. Under budget for advertising versus the forecast the budget is \$835,000 and the forecast is \$117,400. Contract services is \$818,000.

MR. RESLER: Again that's for 2001-2002. We did the original budget for a general election, so those advertising costs and contract costs are higher for that purpose. The election costs were paid out of the last year's fiscal period, so for 2001-2002 it's strictly the by-elections that we'd be forecasting for.

MS GRAHAM: Oh, I see. Did you have enough in the last budget?

MR. RESLER: Well, for the last year's budget the election was held in March, so the expenses were paid in that fiscal . . .

MR. HLADY: In '00-01.

MR. RESLER: Yeah, in the 2000-2001 fiscal year.

MS GRAHAM: So you're going to have quite a huge surplus then?

MR. RESLER: Yes, and that's why we've already lapsed the \$2.8 million.

MS GRAHAM: Oh, okay. Got it. Thanks.

MR. FJELDHEIM: Okay. Any other questions that Glen can answer?

All right. Our next program is the register of electors program. Again, as with the election program, we budget for three special confirmations should the need arise for by-elections. As mentioned earlier, we do not have access to those databases at this time, and to update the register and the list has to be done by other means. As you can appreciate, as we move further and further away from a general election, the more outdated the list information becomes. Obviously, like you, we depend on the consistent high quality of that information, so that's very important to us.

From '99 to 2000 to today's estimate you can see that the total has more than doubled. However, from last year to this year you can see that there's a small reduction. In this case we are comparing apples to apples because the confirmation was paid for the year before. As I've mentioned many times in the past, keeping that register up to date through the use of different databases is not an inexpensive venture.

You will see an increase in travel. That's for register development and research with other provinces and Elections Canada.

Included in contract services are the fees for running the three special confirmations but also consultants' fees in preparing and possibly paying for data acquisition. Data processing is quite a chunk, as you can see, and that involves the manipulation of data from different fields and formats to suit the standard database. It gets quite complex. I'm certainly not a computer expert, but when you get data from this source over there, it has to be able to fit into your database over here, so the fields and the formats and so on have to change. It has to fit like so, and consultants and people that do this sort of thing are quite expensive.

THE CHAIRMAN: I've got to remember that description.

MR. FJELDHEIM: It usually goes like this. That's the problem.

So that is our budget. If anyone has any questions, the three of us certainly would be more than happy to try and answer them.

THE CHAIRMAN: Great. We've got Mark and then Mary.

MR. HLADY: Thanks, Janis. So just clarifying it, you kind of work in a four-year cycle, but you never know when we're going to have an election, so you kind of do a two-year budgeting process. It could be this year or that year for an election. That's fundamentally how you guys work?

MR. FJELDHEIM: That's correct.

MR. HLADY: That's good. When I look at it, you go back into the cycle; you go into the four-year cycle. You go back to '96-97 and

you see – these are just some numbers our research came up with, and I'm just curious. We're looking at about 9 and a half million dollars' cost in '96-97, and then into 2000-2001 you were at – was it \$10.6 million? It was \$9.4 million; right?

MR. FJELDHEIM: Yes, \$9.4 million. That was the actual.

MR. HLADY: Your actual was \$9.4 million, so you're actually almost \$100,000 less than you were the time before. Is that correct?

MR. FJELDHEIM: That's right.

MR. HLADY: You guys are so good. If we could do that with 23 departments, we would be laughing.

MR. RESLER: I guess to clarify, we're not quite under. Some of the costs for the election are in two years.

MR. HLADY: Right. So some of the costs would have carried into the '01-02 year.

MR. FJELDHEIM: Not much.

MR. RESLER: Yeah. It's pretty close.

MR. HLADY: Okay. All right. Again in '97-98, though, were your real operating – I mean, I'm going back a long way and maybe you don't have these numbers, but you show \$6.2 million. Would you know that? No, you wouldn't. Again, it's our researchers that had done some work for me. I was just curious, because when you're talking a two-year cycle, I'm just trying to get a comparison of where all the costs were.

MR. FJELDHEIM: If you look at your tab E, you can see there that from our '99-00 to our '04-05 we do – there you'll get an idea. And you're right; we do run a two-year cycle when we say that.

MR. HLADY: Yeah. Exactly. And then you come down. I think I'm really impressed with the fact that your '02-03, '03-04, are still quite under control and not seeing a lot of growth even though we're seeing growth in the province. The change in determining your electoral lists: is that really saving you a lot of money then? Are you finding that with your new system of not going door to door? Is that going to be much more cost-effective?

MR. FJELDHEIM: No, I don't believe so. Again, we've got quite a bit of work to do to ensure that we get that quality. That confirmation we did before the last election – and you've heard me brag about this before – was over 95 percent efficient across the province. I don't believe we can reach that in using these different databases. The efficiencies are not there.

On the other hand, we're required by legislation to give a list of electors to members in registered political parties two years before the next general election, so in about 14 months from now we need to supply another list. We can't really give you the same list you had before, so we're going to try to update it as best we can. I'd like to postpone the decision-making on whether we're going to knock on doors again sometime down the road till we can further analyze and see just how effective it's going to be to try and update this from databases.

1:00

MR. HLADY: So a year from now you might come back to us and

say, "You know, we were at 95 percent; we figure our effectiveness today is maybe only 85 percent because we aren't going door to door," or 80 percent or whatever that number is. But that will be determined, and maybe a year from now you can identify that for us. That's what you're saying?

MR. FJELDHEIM: That's right. Yes, exactly.

MR. HLADY: Okay. It's important for the electors to know that. And whether they're being identified or not, if you're having that kind of drop, it would be a real loss of effectiveness.

MR. FJELDHEIM: I agree.

MR. HLADY: That's what I really wanted to clarify. Thank you. That's it for now.

THE CHAIRMAN: Mary.

MRS. O'NEILL: Thank you, Janis. I suppose I should reference the second last page, E, that you gave us here. I think that'll give me the basis for my question. I'm looking at the totals there from the years, and I understand, of course, that '00-01 is the \$9 million and the next year is the \$4 million.

MR. FJELDHEIM: Right.

MRS. O'NEILL: Then '04-05 and back up to \$12.8 million. How do you find the money? In other words, the \$2.8 million that's lapsed: does that stay within your office in order to ramp up to have the money for that, or do we allocate it? Do you come to us and ask for that money? I'm trying to see how we're going to get you \$12.8 million in '04-05. Do you have a method of building for that?

MR. FJELDHEIM: No. The money goes back every year. What we turn back goes back to general revenue, and I guess I'd like to say that it's not like we have a pot of money that we turn back. What it is is that I have the authority to spend these amounts, and every year I will have to come back to this committee and request the amount, the estimate, for that particular year. We don't bank the money and in effect save it. It all goes back, and every year we have to come back here. So if these numbers stay the way they are now, we would come back to you in January of '04 with a budget and a request for, if we use these numbers, \$12.8 million. We start from scratch again every time.

MRS. O'NEILL: Okay. Thanks.

THE CHAIRMAN: Are there any other questions? That's all I have on the speakers' list. Don took himself off. Marlene.

MS GRAHAM: Just to follow up on the discussion about management increase for the current year. Brian, if you could maybe just clarify whether or not, if the committee were to award you a certain percentage, that would be available in your budget. I guess it would be, or have you given it all back to general revenue?

MR. FJELDHEIM: No, we haven't because of the amount we have still there. If we do not have the by-elections and so on, yes, then the money would be there. I believe there is enough flexibility in our budget. In saying that, I want you to know that we do honestly try to budget as accurately as possible, but I'm going to suggest that there is enough flexibility.

MS GRAHAM: And that's with the by-elections that are likely not to occur.

MR. FJELDHEIM: That's a possibility, or in some of the consulting fees for register work.

MS GRAHAM: You probably covered that and I didn't pick up on it. Thanks.

MR. FJELDHEIM: No, I don't think so actually.

THE CHAIRMAN: Any other questions? No?
Well, thank you very much. We appreciate your presentation.

MR. FJELDHEIM: I'd like Lori to say something.

THE CHAIRMAN: Lori, what would you like to say?

MS McKEE-JESKE: Well, I appreciate the opportunity to be here. Thank you, Brian.

MR. FJELDHEIM: Thank you, everybody, very much. Thanks, folks.

THE CHAIRMAN: I'd like to welcome Scott. I'm sure we've all met Scott Sutton and Dixie Watson, the director of corporate services.

I'd like to welcome both of you. We're ready to hear your presentation of the budget estimates for the office of the Ombudsman.

MR. SUTTON: Thank you, Madam Chairman and committee members. Happy New Year to you all. You've all met my assistant, Dixie Watson. It's Friday afternoon, the hour grows, and I know you're anxious to go, so I'll keep my remarks very short.

You have before you my budget estimates for the next three years and my business plans for the forthcoming year. I presented my budget last year with the understanding that further responsibilities could be forthcoming to the Ombudsman's office; however, exact implementation dates were not known. Budgeting that followed was done with the expectation of accommodating growth within my office. At the same time, I committed to the committee that any growth would only occur when workloads dictated it and that moneys remaining unused would be returned. As last year's workload did not merit any expansion, I will be returning nonexpended funds during this current fiscal year.

Having said that, much-anticipated new responsibilities are now becoming realities. Some schedules under the Health Professions Act are in place. Four days ago the complaint processes under the profession of dentists became jurisdictional to my office. In March the profession of medical laboratory technologists will follow, and I have been advised that a further four health profession bodies will follow shortly thereafter. It appears now that all of the 28 health professions will follow, with their complaint processes becoming jurisdictional to my office.

In addition, amendments – much-awaited amendments, I must add – to the Ombudsman Act will be going before SPC later this month and for legislative review in February and expected proclamation later in the spring. With proclamation, additional responsibilities are expected, the most significant being the 17 regional health authorities. As well, some past responsibilities for government services, that had been removed from the Ombudsman's jurisdiction, are expected to be returned.

Growth is imminent, and I must position myself to provide the services expected of my office. I have had time to plan and the opportunity to present budgets to meet expectations. The budget you have before you today, while meeting Finance's guidelines to reduce the 2002-2003 targets by 2.5 percent, will in my judgment continue to meet my funding expectations for the forthcoming year. Although the actual budget for the fiscal year 2002-2003 shows an increase of 4.3 percent, I think we must be cognizant of the fact that we were faced with absorbing salary increases in excess of 9 percent as well as projecting normal inflationary costs. I've been able to keep this fiscal year's increase at the 4.3 percent as a result of some planning, reductions wherever possible in current expenditures, and through the deferment of one FTE.

That, committee members, is my presentation to you. I'd be pleased to answer any questions you may have.

THE CHAIRMAN: Mark, you're always the first on this.

MR. HLADY: You know, I'm just looking at this, and it looks really good, so I'm not too concerned at all. I think it looks great. Thank you, Scott.

MR. SUTTON: Thank you very much.

THE CHAIRMAN: Any other comments or questions?

1:10

MRS. O'NEILL: I apologize; I've come a little late to get your initial thoughts. You were saying that your '02-03 budget is reduced by 2.5 percent, but then you have 4.3 percent. Is that because the reduction is exclusive of the salaries?

MR. SUTTON: No, it's not. The reduction was to the projections, what we had projected for this year's budget. The actual increase is 4.3 percent.

MRS. O'NEILL: Right; it's to the projections. Thank you.

THE CHAIRMAN: Any other questions or comments?

MRS. FRITZ: I just have a question of interest, since there aren't any other questions. It's not directly related to the budget; it is in some way. It's just because we heard this morning about departments that use the process of Imagis. Do you use that in your area?

MR. SUTTON: Yes, we do.

MRS. FRITZ: So what would that cost you in your budget? I'm surprised, hearing the extent of the cost today.

MR. SUTTON: I'm glad you asked that question, because it has been of concern to us. I can give you the exact cost here.

MRS. FRITZ: Is it under data processing?

MR. SUTTON: We were fortunate. Inasmuch as we're such a small office, we did get a bit of break on this.

MRS. FRITZ: Did you?

MR. SUTTON: Yes, but our costs are going up, and you'll see that we're expecting them to go up even further. We paid \$14,000 out

of our office last year.

MRS. FRITZ: Really? Wow. Have you looked at how you could do that, you know, at less cost?

MR. SUTTON: Well, you'd have to develop your own system completely, and I don't think we can do that.

MRS. FRITZ: So it's not feasible. Have you looked at an alternative being if all the legislative offices were together in some way? Would that make it cost less, or would we just be amalgamated?

MR. SUTTON: Well, all the officers met to say: how can we share some services; how can we do this a little bit better? We got a committee together, and they looked at a lot of possibilities. They looked at this particular item because it was a concern, but it was one that wasn't feasible at that time.

MRS. FRITZ: Okay. Thank you.

THE CHAIRMAN: Is there anything else? Mark.

MR. HLADY: Yes. Thanks, Janice. Just on an information basis, as you're seeing these health areas come over to you now, what are your FTEs today?

MR. SUTTON: FTEs right now are 23. My actual head count right now is 19, so I have room there.

MR. HLADY: Okay. What are you looking to expand to? Is that picking up a lot of that 4.3 percent, in essence, as you see the health professions coming to you, those health pieces for you to work with? Is that where your need is, where you're coming from?

MR. SUTTON: Absolutely.

MR. HLADY: What kind of numbers are you projecting your FTEs to grow to?

MR. SUTTON: We don't know. Right now we have been talking about these additional responsibilities for a number of years. We did a strategic plan on budgeting and planning. We have four FTEs right now that are not being used, which are contained right within the current budget, and I'm hopeful that that will accommodate that growth.

MR. HLADY: Who's covering those roles right now?

MR. SUTTON: They have their own internal processes. Those processes will therefore become jurisdictional to me.

MR. HLADY: And we as government are simply picking up the costs on that, basically, whereas they have through their own boards or commissions sort of done that.

MR. SUTTON: Well, I suppose; yeah.

MR. HLADY: Okay. That's good. Thank you.

THE CHAIRMAN: Well, it looks like that's it, so thank you very much for your presentation.

MR. SUTTON: You're very welcome.

MR. HLADY: It was very good.

MR. SUTTON: Thank you.

MR. TANNAS: Next year, when you come back, you're going to tell us how expensive it is for those hospitals.

MR. SUTTON: It's going to be very interesting. Just for your information, the only historical data we could use was some out of the province of B.C.

MR. HLADY: They've had that structure for how long?

MR. SUTTON: They have some of it, not all of it. You know, it's a best guess to just see what's going to happen with this. You expect that at the onset there's going to be quite a slug of things, but hopefully it'll settle down.

THE CHAIRMAN: At this point we should entertain some motions for decisions on the budget estimates. If we go back to the presentation by the Ethics Commissioner, they're looking at a budget of \$372,000. Would anyone like to make a motion? Then we can open it up for discussion.

Raj, you'll deal with that?

DR. PANNU: Yeah.

THE CHAIRMAN: Okay, so Raj moves that the Standing Committee on Legislative Offices approve the 2002-2003 budget estimates for the office of the Ethics Commissioner in the amount of \$372,000 as presented. Any discussion? All those in favour?

HON. MEMBERS: Agreed.

THE CHAIRMAN: The motion is carried.

The next was the office of the Information and Privacy Commissioner, and they are looking at an amount of \$3,220,000.

MR. DUCHARME: I so move.

THE CHAIRMAN: Denis moves that the Standing Committee on Legislative Offices approve the 2002-2003 budget estimates for the office of the Information and Privacy Commissioner in the amount of \$3,220,000 as presented. All those in favour?

HON. MEMBERS: Agreed.

THE CHAIRMAN: The motion is carried.

The Auditor General presented budget estimates in the amount of \$16,716,000.

MRS. O'NEILL: So moved.

THE CHAIRMAN: Mary moves that the Standing Committee on Legislative Offices approve the 2002-2003 budget estimates for the office of the Auditor General in the amount of \$16,716,000 as presented. All those in favour?

HON. MEMBERS: Agreed.

THE CHAIRMAN: The motion is carried.

The Chief Electoral Officer presented budget estimates in the amount of \$1,759,721.

MS GRAHAM: Madam Chairman, I would move that we accept that but that we also authorize a management allocation to the Chief Electoral Officer.

THE CHAIRMAN: Is it okay if I separate that? It's actually a discussion that I'd like to have right after this. We actually have to take a look at the current year for all of them.

MS GRAHAM: Oh. Okay. Yeah.

THE CHAIRMAN: Maybe what you're referring to is his notes on his cover sheet about management?

MS GRAHAM: Oh, that's right.

THE CHAIRMAN: So is it okay if we just deal with the budget motion and then get back to that?

MS GRAHAM: Of course he hasn't included anything along those lines in his next budget, but I guess we're on a certain track now.

MR. HLADY: Why don't we deal with the motion as is?

MS GRAHAM: I'll move the requested sum, which is – what? – \$1,759,721.

THE CHAIRMAN: Marlene moves that the Standing Committee on Legislative Offices approve the 2002-2003 budget estimates for the office of the Chief Electoral Officer in the amount of \$1,759,721 as presented.

Is there any discussion on that motion? All those in favour?

HON. MEMBERS: Agreed.

1:20

THE CHAIRMAN: Our last one. We had a presentation by the office of the Ombudsman, and their estimates indicate a need for \$1,829,000.

Yvonne?

MRS. FRITZ: Yes.

THE CHAIRMAN: Yvonne moves that the Standing Committee on Legislative Offices approve the 2002-2003 budget estimates for the office of the Ombudsman in the amount of \$1,829,000 as presented.

Is there any discussion on that?

MR. TANNAS: We just referred to it briefly. With the new undertakings that are being visited upon the Ombudsman, the 17 hospital districts, or regional health authorities, I'm thinking that they're going to be back. Anyway, I don't know, but just a caveat on it that I still would vote for the amount, but it just seems to me that it's going to be a lot more expensive than what's called for here.

THE CHAIRMAN: Okay. Well, we'll note those comments. Of course, as yet we don't know for sure what's going to happen with those amendments.

Any other comments or questions? All those in favour?

HON. MEMBERS: Agreed.

THE CHAIRMAN: The motion is carried.

I would like to suggest that we now go in camera for some personnel issues.

MRS. O'NEILL: I would move that we go in camera to speak about reappointments.

THE CHAIRMAN: All agreed?

HON. MEMBERS: Agreed.

[The committee met in camera from 1:22 p.m. to 2:03 p.m.]

THE CHAIRMAN: The meeting will now come to order.

MRS. O'NEILL: Madam Chairman, I move that the Standing Committee on Legislative Offices recommend to the Legislative Assembly that Mr. Robert C. Clark be reappointed as the Ethics Commissioner for a five-year term effective April 1, 2002.

THE CHAIRMAN: Is there any discussion? All those in favour?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Motion carried.

MR. TANNAS: Madam Chairman, I wish to move that the Standing Committee on Legislative Offices recommend to the Legislative Assembly that Mr. Olaf Brian Fjeldheim be reappointed as the Chief Electoral Officer.

THE CHAIRMAN: Any discussion? All those in favour?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Motion carried.

MR. DUCHARME: I move that the following officers of the Legislative Assembly, those being the Chief Electoral Officer, the Auditor General, and the Ombudsman, receive a 5 percent compensation retroactive to April 1, 2001, which is consistent with salary increases granted to senior officials.

THE CHAIRMAN: Any discussion? All those in favour?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Motion carried.

Mark.

MR. HLADY: Thank you, Madam Chairman. I move that the former Ethics Commissioner and Information and Privacy Commissioner of the Legislative Assembly receive a 5 percent compensation for the period of April 1, 2001, to August 31, 2001.

THE CHAIRMAN: Any discussion? All those in favour?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Carried.

Our next meeting, if you all agree, will be at the call of the chair.

HON. MEMBERS: Agreed.

THE CHAIRMAN: Would someone like to move that we adjourn?

MR. HLADY: I so move.

THE CHAIRMAN: All those in favour?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Motion carried. Thank you.

[The committee adjourned at 2:05 p.m.]