

Title Tuesday, December 17, 2002 Legislative Offices Committee

Date: 02/12/17

[Mr. Ducharme in the chair]

THE DEPUTY CHAIR: Good morning, everyone. I'd like to call the meeting to order.

I'm saddened to advise you that our chairperson has had a death in the family and will not be able to attend the meeting today, so in my role as vice-chair I will try to ably conduct the meeting today.

I'd like first of all to welcome our first officer, Mr. Fred Dunn, who is also accompanied today by Monica Norminton, his chief administrative officer. If we could, maybe, there are some of us that Mr. Dunn and Monica may not have met. If you could start with yourself, Mark, introducing ourselves.

[Ms Blakeman, Mr. Ducharme, Mr. Friedel, Mrs. Fritz, Ms Graham, Mr. Hlady, Mrs. O'Neill, Dr. Pannu, and Mr. Tannas introduced themselves]

[Mr. Dunn, Ms Norminton, and Mrs. Sawchuk, committee clerk, introduced themselves]

THE DEPUTY CHAIR: I'd like to mention that the meeting packages were delivered to all of our offices last Thursday morning, December the 12th.

I'd like now to move on to the agenda that's in your package just prior to tab 1, and if I could have someone please move that the agenda be adopted as circulated.

MRS. O'NEILL: So moved.

THE DEPUTY CHAIR: Mary, and seconded by Dr. Pannu.

At this time I'd like to mention that we could follow the same format as we did last year as far as the decisions on the motions on the officers' budgets. We heard from each of the different officers' offices, and then after we had heard all of the presentations, we did our motions, et cetera. So I'd like to suggest that if we can use the same format again for this year's meetings, I'd appreciate it.

The next item is the minutes of the January 4, 2002 meeting, and that is located under tab 3.

MS GRAHAM: I move the adoption of the minutes as circulated.

THE DEPUTY CHAIR: Okay. In favour of the motion by Marlene?

HON. MEMBERS: Agreed.

THE DEPUTY CHAIR: Carried.

At this time I would like to pass the floor to Mr. Fred Dunn, the Auditor General for the province of Alberta.

MR. DUNN: Thank you, Mr. Chairman. As you've just heard, I'm the Auditor General, and with me is Monica Norminton, who is the chief administrative officer. I think you've met Monica in previous presentations.

What I plan to do is go through a presentation, and unfortunately the Powerpoint that we had hooked up this morning isn't going to work, so Monica is actually going to do the flipping of the slides onto this fancy piece of technology here.

As this is my first presentation to you, I'd like to outline to you my vision for the office of the Auditor General and the challenges I perceive it to be facing. First and foremost, the office will continue to fulfill its mission to identify opportunities and propose solutions

for the improved use of public resources and to improve and add credibility to performance reporting, including financial reporting, to Albertans.

In summary, the challenges my office is facing are shown above. The first challenge is succession planning. Four AAGs will retire within five years and possibly as early as four years.

The next challenge that our office is facing is increasing what we call our systems audits, which are the business process improvement audits. Our target that we're setting in our office is for 30 percent of our total audit hours to be directed at systems audits.

The third challenge that I see in our office is to drive efficiencies in our assurance work. I'll differentiate between that and our systems work. The assurance work is the financial statements, attest audits, the performance measures, the special reports to funders and pension plans, that type of thing. I'd like to see us reduce our assurance work from 84 percent of our time to 70 percent of our total audit hours.

I'll speak to each of these in detail, but first I want to outline broadly the strategies I am following in dealing with these challenges. The overall vision I have for the office uses three connected strategies to address the challenges it's facing. The first strategy is to build the skills from within. This means that we'll hire and train more junior staff. We'll continue recruiting students, primarily from the University of Alberta and the University of Calgary, who will be undertaking their CA or CMA professional designation programs.

The second strategy is to hire only new-skill leaders from outside the public sector with skills that are not currently present in our office. For example, you have read that my office has hired a certified forensic specialist with previous experience with the RCMP to establish a group within our office with specialized investigative skills.

The third strategy is to grow staff for the public sector. You may be aware that many SFOs are nearing retirement. By developing strong accounting professionals in my office, we can help the public sector with its own succession planning.

By pursuing these three strategies, I believe that my office will continue to build on and improve its expertise while providing both skills and people resource pools that will benefit the public sector. Throughout my discussion I will keep referring to these three connected strategies.

Now let me deal with the challenges being faced individually. The first one is the staffing challenges. It may be a little hard to read that, but the first block that we'll be talking about is the block that has a number 6 attached to it.

9:50

My first and most immediate challenge is that within the next year six management staff are eligible to retire, five of whom are senior management. In fact, four have already given me their retirement dates. Within the next three years three more become eligible for retirement. The impact of these retirements is enormous as it involves, as I've mentioned, four of my five assistant auditor generals. One of the imminent retirements is an Assistant Auditor General – and that's Brian Corbishley, if you've met him, who's in our Calgary office – and three of the remaining four assistant auditor generals have confirmed that they intend to retire within a four- to five-year time period. This demands a strong succession plan, which I am developing. The pie chart which you see shows the number of possible retirements in the next 10 years, and it's significant. You can see that within 10 years we potentially lose 30 people.

So how am I going to deal with this challenge? First, we're developing a succession plan at the most senior level and are working on a longer term plan that addresses future retirements.

Given the potential retirements, I'm planning to have a period of transition where I may have six assistant auditor generals. In this manner, as retirements occur over the next four to five years, we'll transition our responsibilities from older AAGs by developing the younger assistant auditor generals' experience and knowledge. After these retirements occur, I intend to have four assistant auditor generals as my executive support. This will be a reduction of one from the present complement.

Second, we will continue to emphasize growth and promotion from within. We'll continue to hire and train students and develop professionals that have the expertise to provide sound financial and performance evaluation advice. This year we have successfully recruited eight new students from the University of Alberta and the University of Calgary who will begin in the spring of 2003. By continuing my office's tradition of strong training, we'll continue to develop the expertise in legislative auditing that cannot readily be found elsewhere. Also, in the coming year we'll have nine finalist writers who we anticipate will successfully pass the final chartered accountants' exam and continue either with the office or the public sector in their professional capacity.

Third and finally, I'm changing the way my staff manage agents for a number of audits. In prior years the office would contract with agents to undertake a full audit of a government entity virtually on a full outsource basis. While senior office staff oversaw the audit, the agent would effectively plan and complete the work from start to finish and use its own methodology to do the work and maintain its own documentation of the work done. Now office staff will supervise the audit work and the audit team members directly. This means we will be contracting with accounting firms to use their staff resources at the manager and student levels, but these staff will work more directly under my audit principals. We'll be relying less on senior staff of accounting firms to plan and supervise the execution and report on the results of the audits.

This approach will place my staff more in the management and reporting role but still allow us to avail ourselves of the much-needed audit resources at the times we need them. My staff's expertise in understanding the government policies, practices, and systems will be used to identify and explore issues. External resources will be used to compile the evidence that supports our findings. Over the next few years the adoption of this model will also allow us to both contain our external resource cost and provide the opportunity to rotate the assurance work where appropriate to do so. I'll be coming back to that rotation in a moment.

Fourth, we'll hire skills leaders in speciality areas. We'll hire special staff that can provide the expertise that we currently do not have in the areas required for special investigations and business process systems auditing. For example, we have well-developed information technology specialists who audit Imagis and other computer systems relied upon by the government. While two of the people in this group are chartered accountants with IT specialties, two are pure IT specialists. Similarly, as I've discussed, we've recently hired a forensic investigative specialist who was formerly with the RCMP by the name of Ed Ryan. He has a number of years of experience with a private-sector accounting firm and is going to provide our office leadership in the area of fraud, security, and systems controls.

I want to now talk about audit hours. By addressing these staffing challenges, I will have the senior staff resources necessary to deal with my second challenge. Our mandate and vision means that we'll continue to provide the highest quality assurance to performance reporting which includes auditing financial statements and other reporting information. But it also means I will be increasing our office's emphasis on systems auditing.

How we accomplish both parts of our mandate is my second challenge. I believe that my staff have unique and specialized knowledge and experience with government policies, practices, and systems. This knowledge and skill cannot readily be bought in the marketplace. I want to position my staff to fully utilize our resources in the most effective manner. This means changing the way our staff are allocated and how we use outside resources such as agents and temporary staff. The chart you see in front of you shows how utilized our audit resources are. Total audit hours continue to increase, and if you can read the axis there – what is the top number there, Monica?

MS NORMINTON: Approximately 170,000 hours.

MR. DUNN: So approximately 170,000 hours. This year alone we are forecasting an increase of almost 10 percent, or approximately 14,000 hours, in our total work. The green represents our assurance hours, or the work that we do on financial statements and other report information, and the gray will represent what we do on our systems hours.

As it shows, this is a reflection of the breadth and complexity of the government operations and contemplated restructurings. It's also a reflection of my office's comprehensive obligations. We do not simply provide assurance on financial statements. As noted under the Auditor General Act, I'm responsible for observing accounting systems and management control systems, including those systems designed to ensure economy and efficiency, that relate to revenue, disbursements, the preservation or use of assets, or the determination of liabilities, and that reasonable procedures are used to measure and report on the effectiveness of programs and whether or not those procedures are established and are being complied with.

These factors mean that the comprehensive services my staff and I provide must evolve to meet the changes in government operations, so our hours are increasing. My personal comparison with the private sector is that our office will spend approximately 40 to 50 percent more time on each audit engagement, addressing audit issues relating to compliance with legislative authorities and economy, efficiency, and effectiveness. For those of you who haven't met me before, realize that I joined the office effective June 1 last year after having 36 years in the private sector, so I believe that I'm comfortable in making that comparison with what I would have experienced in the private sector and how much time would have been spent on the complexity in rendering an audit opinion. The private sector will restrict itself primarily to the financial statement, whereas I'd explain that our mandate is much wider. It deals with the triple E – economy, efficiency, and effectiveness – of government practices.

An example of how government systems are increasing in complexity and the accompanying audit demands is in the area of internal control. In the past year we found and reported significant weaknesses in internal control systems specific to Imagis, and that's the accounting and management reporting system that is used governmentwide. Weaknesses were also found and reported in the manual control systems in many departments, ministries, boards, commissions, and other operating entities. Also, although we reported some 80 recommendations in our annual report – and I think you've all received copies of the annual report – we have made many other recommendations for improvements in our direct reporting, and that we do through our exit conferences and management reports to the various entities. The pervasiveness of the recommendations for improvements in these management systems demonstrates how further work on controls is warranted.

So over the next audit cycle many of these systems will be further examined. By way of example, the contract management systems in

Children's Services, PDDs, Gaming, Health, Infrastructure, Justice, Learning, and the Solicitor General will be looked at this year. For those of you who serve on the Public Accounts Committee, we talked about the Infrastructure department the last time, and we talked about recommendation 28, that was in our report this year, that dealt with procurement and the contract management systems.

You can see that the need to allocate and use our resources most efficiently is critical. The internal need to fully utilize available resources also comes at a time when the entire accounting and auditing industry is examining how it allocates its resources. Following the collapse of Enron, WorldCom, and others, there is a renewed emphasis on auditor independence and objective support for the audit assurance provided. This is a challenge for both my office and my agents.

10:00

Audit resources. That's a little clearer. We can see now the total hours that we're talking about. The OAG staff, which is directly employed by our office, is the green. The temporary staff, that we will bring in on a secondment basis – where we're renting people, and they will work as seconded staff – is in the gray box. Those that we'll use as agents, which undertake more of the work on their own – but we're trying to incorporate more of our mind and management, our principles on it – are in the maroon box in the middle.

My third challenge is one that has been dealt with throughout the accounting and auditing industry: how we maintain our independence and provide the assurance expected by our stakeholders, which are, in the case of the office of the Auditor General, yourselves and all the remaining Members of the Legislative Assembly and all Albertans. Over the past two years media reports and inquiries have questioned the thoroughness and objectivity of auditors. The result has been greater public demands for auditor independence and improved performance, including greater emphasis on gathering appropriate and adequate audit evidence. I touched briefly on this already, but I want to assure you that I place great emphasis on completing our work in a disciplined and thorough manner.

To address this challenge, I'm taking three actions. First, I'm working with my counterparts in the other legislative audit offices, particularly those in the west, where the proximity and similar interests facilitate the sharing of ideas. We hosted the western CCOLA conference at the end of November in Edmonton. That's B.C., Saskatchewan, Manitoba, and Alberta. By sharing and drawing upon each other's ideas and resources, we are working at strengthening our assurance methodology to meet the changing marketplace.

Second, as already noted, I am changing how we work with agents. Agents will now be following my office's methodology when executing audit projects and wherever possible – and I would underline wherever possible – also utilizing our documentation technology. This came through very clear to me when we undertook the Workers' Compensation Board audit this year, taking over from an agent. We had difficulty in extracting the information we needed as a base, and it would have been much easier if it had been already documented in the systems under a technology that was compatible with ours.

Third, I'm initiating a system that requires project reallocation, and that's known as audit rotation. This will mean that at a minimum every five years all audit principals in my office will have their portfolios changed. Since my office follows a uniform methodology, the key advantage to this change will be a fresh pair of eyes examining the project file and the entity's financial statements and systems.

Independence and objectivity have been and will continue to be a key focus for my office. I will also be requiring the same standard

to be followed by our agents. They will be required to change their engagement leader or partner if that leader has been retained by the same entity for a period of five years. This is in compliance with what we see as the forthcoming new independence and objectivity standards by what's known as CPAB, the Canadian Public Accountability Board, which is following similar legislation which is coming out of the U.S.

This chart shows that by making these changes, my audit staff will increasingly be the primary personnel staffing on audit projects, particularly at the senior level, or what I would like to refer to as the mind-and-management level, providing the assurance that we seek over public reporting and making recommendations for improved use of public resources. Agent hours increased marginally – they actually do increase slightly in that chart – but primarily as a resource assisting my staff.

You can also see by this chart that my office's reliance on temporary staff is remaining relatively static this year. We have contained this cost in the current budget year, and over the next few years, as my new model for using agents evolves, I anticipate further reducing our reliance on this type of resource. My strategy is to first utilize or assign all my lowest level staff and assign my next staff levels to engagements matching staff experience and capabilities against the risk in the engagements. After my nonmanagement staff are assigned, I then look for resources who can work for my principals, depending upon the complexity, uniqueness, and risk of the engagement. These resources can be from within or external to the office.

Now, the budget request. You're not able to make it a little bit clearer there at all?

MS NORMINTON: No. We have the letter.

MR. DUNN: Oh, we're okay. It's the same amounts as in the letter.

With these greater resource and other changing demands in mind, I want to present my office's budget to you. The amounts paid by others, primarily Alberta Infrastructure, which is the second line down – that's in the budget request column on the right-hand side, \$399,000 – are deducted to show you the actual amounts requested. As you know, the OAG presents its total budget to you on a full-cost basis, and this slide reconciles the total budget to the format adopted by the government of Alberta.

We are asking for a voted sum of \$17,305,000 – and that's the bottom line in the bottom right-hand corner – for both capital and operating purposes. For operating purposes our budget represents a 3.8 percent increase over the prior year's budget, and our capital budget request is simply an equipment replacement budget. In the aggregate our budget request is approximately 3.5 percent, or \$589,000, greater than last year. As noted in my budget letter to you, we are within \$50,000 of our estimate for fiscal 2003-04 as presented to you during last year's budget request. I will briefly explain some of the items contained within our budget and hopefully the value that this budget request is to you.

First on personnel. Salaries are increasing in line with government standards. Advice received was that an increase in line with the consumer price index, or 4 percent, was appropriate. As of October 2002 the consumer price index shows an annual increase of 5.2 percent for Alberta, so we believed that 4 percent was a fair, conservative estimate. It also reflects industry survey information that will keep my office's salaries competitive with those in the marketplace, helping me retain our experienced staff. The total dollar effect of the planned increase is approximately \$305,000, so of our total increase of \$589,000, \$305,000 is dealt with through the 4 percent salary increase.

Overall, the total increase in salaries is approximately 6 percent. A part also reflects the fact that my staff are more senior and have higher salaries. Almost 30 percent of my staff have more than 10 years' experience with the office. This greater proportion of senior management salaries accounts for almost \$50,000 of the dollar increase.

Another factor is the competition in the industry for accounting students. It's a difficult program, with high market demand. As such, entry-level salaries are increasing. For example, this year the total increase for student salaries was approximately 8 percent, and since they comprise 25 percent of my staff, this increase was significant and in the next year accounts for \$122,000 of the dollar increase. Next October we'll again have to make market adjustments to keep students' salaries in line with the market for new recruits and existing students. This also reflects industry survey information, as I mentioned. The students are our future, and I believe strongly in my office's investment in them. With the eight newly hired students starting in the spring of 2003, my staff complement will be 118, which is up from 115 last year, but we're still below our targeted FTE, full-time equivalent, count of 126 positions.

In total, if I can give you the numbers for the increase for the salaries, the 4 percent is \$305,000, the senior people are \$50,000, and the students are \$122,000. So in total the salary impact is \$477,000 of the \$589,000 increase.

Agent professional services increased by almost 5.4 percent, or \$193,000. This is a cost that I plan to contain as the strategies that I've already discussed are adopted. This will, however, take some time. In the current year the increase reflects primarily market conditions and a very slight increase in usage. In order to make the most efficient use of the expertise and experience of my office staff, I need to use some resources from outside my office to undertake the low-risk, less involved work, and agents do provide these resources.

Temporary staff resources actually decreased by 8.5 percent, or \$115,000. This reflects directly on the success of our recruiting efforts. As our junior staff members increased, we had less need for the resource from outside. Also, the strategy for using our agents has an impact on this.

Employer and statutory contributions are increasing by 26 percent, or \$267,000. This is a reflection of the increasing benefit premium costs, and this is not a cost that can be controlled by our office. To some degree it does reflect an increasing number of management staff. Since this time last year our management staff numbers have increased by five people, so more benefits are being paid at a slightly higher cost. However, it is also the effect of premium or rate increases, and specific examples of that include the WCB costs increasing 15 percent, government benefits increasing almost 30 percent, and CPP increasing by 10 percent. These are the large increases that we must absorb.

10:10

The last category under personnel is advisory services. These are agents in specialized areas such as information systems auditing. We separate them because they are not from accounting firms and they provide very specific advisory-type services when needed. This category is reducing by 38 percent, or \$165,000. This reflects the fact that we have developed much of the needed specializations within our office, and we'll continue to do that.

In total, when you look at that, we actually are reducing our overall costs in the employer statutory contributions by \$87,000. Net of the employer statutory contributions is an increase of \$180,000. So with my staff salary increases of \$477,000 and my benefits going up, that's my total budget increase. What it really just boils down to is that we have effected certain efficiencies, but with

the overall salary increase of approximately 4 percent and then the impact of the employer statutory contributions, that effectively takes up our budget increase.

I'm going to talk about one last financial grouping area, and that's about supplies and services. Overall, this category is reduced by almost 2 percent, or \$47,000, but within those categories there are some budget increases included in professional fees, training and development, office leases, and miscellaneous, and these are all relatively minor amounts here. The professional fees, training and development increase is approximately \$86,000, and that relates primarily to student fees and professional learning allowances, which are the reason for the increase.

As I've already stated, my intention is to grow from within and develop the staff we have. To do this, I must invest in their professional development. The return to the public and to Albertans generally is improved assurance services but also becoming a qualified resource for the public sector, and that's why I'm saying, as I've already discussed, that I'm looking at developing a talent pool that we can use in the public sector.

Office leases are increasing approximately 1 percent, or a minor amount of \$4,000, and this reflects the inflation factor built into the lease, which is amortized over the term of the lease. You may be aware that our office leases in both Edmonton and Calgary were renegotiated last year, and their terms are extended to 2011.

Finally, the miscellaneous category, which increases by \$18,000. This is where we account for costs associated with our working sessions, and these sessions are held with agents to train them in our methodology and how we execute our audits. As already noted, this is a new direction that I'm taking for the office, and these costs relate to that initiative. As agents become trained in our methodology, the associated costs will reduce.

That's the end of my prepared presentation, so I'd like to turn it over to yourself for any questions. Thank you.

THE DEPUTY CHAIR: Laurie.

MS BLAKEMAN: Thanks very much, and thanks for such a thorough presentation. I appreciate the effort you went to to explain where the increases and decreases are coming from. I have four questions, and cut me off whenever you think someone else wants to say something. The first question is: you are trying to move your staff up, I thought I'd read somewhere, to 130, but you just said 126. Sorry; that's not the question. When do you expect to get there? The second question is: you're talking about lowering the cost of the agent resources by not hiring senior staff, yet in the time line forecast from '03 to '05 it's showing an increase in the agent cost. The third question is: you note that there's been some equipment that's been damaged under capital investment, and I'm wondering how that happened. The fourth question is: why is there no increase in the audit fee revenue? It's stagnant right across from 2003 to 2005.

Those are the four questions. Do you want me to repeat any of them?

MR. DUNN: No. If I can start to deal with them, that would be okay.

MS BLAKEMAN: Thanks.

MR. DUNN: On the staff. Indeed, as I understand, our approved level of full-time equivalents is 126, so I'm not sure where the 130 came from unless it was in a previous presentation.

MS BLAKEMAN: Sorry.

MR. DUNN: It is 126. With the current recruiting, as I said, it will take our office up to an FTE equivalent of 118. So we are actually still eight FTEs below that. I believe that with the recruiting that we have under way at eight to 10 students a year, it's going to take me another two fiscal years to get up to the retention, to that 126.

Monica, do you have any other information from your HR side?

MS NORMINTON: No. That's fine.

MR. DUNN: Okay. That's it.

MS BLAKEMAN: So you expect that by 2005, by the end of the third year forecast I'm seeing, the \$9,148,000 is including your eight additional staff?

MR. DUNN: We hope to have them by that time.

MS BLAKEMAN: Okay.

MR. DUNN: Similar to the private sector and any training office we're most vulnerable on losing our staff at the time when they get their designation and their term of service in. So whether they have a CA or a CMA, once they get the qualification and then the term of service in, we become very vulnerable because they become very transportable. The intent is to give them as much challenging work – that's why I like to bring as much of the work in-house – as much exposure to the public sector, and to push work down to them and challenge them and then through that retain them. If I'm going to lose them, I'd like to lose them to the public sector. I don't want to lose them outside the public sector. But I believe that if we're recruiting at the eight to 10 level, it'll take me two fiscal periods to get up to my full-time equivalent.

Regarding equipment it may be a little bit out of the way or we didn't explain it right. We don't have any damaged equipment. What we're trying to imply is that this is not a building up of equipment but merely, we say, an equipment replacement program. We do not see ourselves increasing our numbers of computers, but any of those that might become damaged along the way or need some restoration is where we'll be putting our capital improvement in. Last year I believe that we talked about some software improvements or something, Monica.

MS NORMINTON: Last year. This year also there are some minor improvements to our servers and routers and our network just in anticipation of Supernet.

MS BLAKEMAN: Right.

MS NORMINTON: We have them there, but they're old, so it's just replacement. It's not that they're damaged; they just won't be able to handle the increased capacity.

MS BLAKEMAN: Okay.

MR. DUNN: Finally, regarding revenue. It's something which also I'd like to look at within the audit. As you're aware, for most of the audits we're not allowed to charge fees. We don't charge our fees. We absorb the costs of the audit within our audit budget, and that includes the fees that are paid to the agents where the agents are retained directly by the clients and we end up doing some supervision. Those costs actually are negotiated with the clients. That's like the RHAs. So the RHAs will engage the agent, we'll oversee the agent, but the RHAs will end up negotiating the fee with

the agents directly. Those fees are paid through our office. We end up paying the agent, and then the RHAs pay us back. So there's actually a pass-through on that. Why they're not increasing is that at the end of the day we believe that we're going to be trying to do less work which is outsourced to others and more internally, and we'll be absorbing the cost in total. Are there any other areas of change, of fees that were previously billed and no longer are billed?

MS NORMINTON: The Gaming and Liquor Commission and WCB.

MR. DUNN: Are they the only two? Because we'll be doing WCB this year, we'll be billing that one?

MS NORMINTON: That is actually the decrease. If you look at the decrease in audit revenue from the budget last year to the budget this year, WCB will be billed. Previously KPMG did it. It was billed. It flowed through our revenues. This year it's included in there because it has come in-house. The Gaming and Liquor Commission is the same thing.

MR. DUNN: Okay.

MS BLAKEMAN: Thanks.

MR. DUNN: Just a small tangent on that. It produces a bit of a uniqueness in the auditing compared to what I saw in the private sector. Since our audits are not billed out to many customers, there's no incentive by the customers to not use our staff extensively. So when we run into certain situations where there's rather poor accounting, our staff has had a cultural adaption; we go in and fix it. When we end up with certain PSIs and that where possibly the discipline and rigour in the accounting group are not there, our staff spend a disproportionate amount of time fixing up the accounting records. It's something which I'm addressing with our staff when I'm trying to draw the efficiencies back into our audit. You're there to audit it; you're not there to fix up the bookkeeping. It's something which our staff are now trying to adjust themselves to. My style is that we will audit these things within a certain amount of time included in our whole scope, but we're not going to be spending a lot of time fixing up bad books and records, because we don't end up recovering the costs from the PSIs.

10:20

THE DEPUTY CHAIR: Mr. Hlady.

MR. HLADY: Thank you, Mr. Chair. It was good to hear everything this morning and a good presentation. Thank you.

What I'm really interested in is the difference in what the market prices are at the different levels. So from the Assistant Auditor General down to your student what is the market price, ballpark, out there today, and then what are you paying on maybe three or four levels of your staff today?

MR. DUNN: Well, maybe I can start out with my Assistant Auditor General. You know what I'm being paid, and indeed I feel very fortunate in doing the job I am. I did retire from the private sector, and I wanted to get involved and do something which I thought was rewarding. So I'm not in this for the money. The AAGs are running at approximately \$120,000, I believe it is. If we have 170,000 hours in total, my three AAGs that do financial statements will handle approximately 40,000 hours each. In the private sector as a partner I would've been lucky if I could get 20,000 hours of responsibility, and the remuneration of an audit partner in the private sector is

\$300,000 to \$400,000. So our AAGs are paid at about \$120,000 to – I'm not sure if anybody is up at \$130,000.

MS NORMINTON: No. About \$128,000 is the highest.

MR. DUNN: Okay; \$128,000. If they were in the private sector, they would more likely than not double their salary. They're main categories, but we only have five AAGs. So between myself and the five AAGs I think you have people here who are not in it for the money per se.

The principals. We have to be more competitive with the private sector. I believe we have – how many principals in total?

MS NORMINTON: Twenty-four.

MR. DUNN: Twenty four principals. The equivalent of a principal in the private sector is a senior manager going to a brand-new partner. Senior managers in the private sector would be running approximately \$90,000 to \$110,000 to \$120,000 plus a 15 percent variable compensation performance bonus type of thing. There the expectation would be an awful lot more travel, out-of-province type of travel, and also an awful lot more overtime than what we do. Our principals run in the range of – Monica, have you got the . . .

MS NORMINTON: Seventy-four thousand to approximately \$99,000, but we have some on contract, and those are the high end. So they get a 15 percent payment in lieu of benefits, and those are the \$99,000. We have the low of \$74,000, and the high would be \$99,000.

MR. DUNN: So I'm including that.

Now, just dropping down a bit, at the student level all the way through the CA level we march very much in tandem with the private sector. We may be ahead at a moment no more than, say, by 4 percent because of the cost of living increase, depending on when the private-sector increases are given. So up into the CA level going to manager, we are basically at the private-sector levels. Then once we move from manager over into principal, AAG, we fall behind. We drop down. Overall and maybe more important, you may want to say, is: what's the weighted average cost? I believe that in our annual report it says that it's \$95 per hour. The expectation I would have had in the private sector as a return on the staff mix on any of my jobs would have been \$120 to \$130 dollars an hour.

So, as I've said, we'd spend more time because of the comprehensiveness of the scope. We'll spend upwards of 40 to 50 percent more than I would've otherwise spent in the private sector dealing with the other thing, but we'll be about 25 to 30 percent on a per-hour basis less expensive. It's that combination of experience and maturity that we can bring to the public sector with a contained cost in total, whereas the real challenge to the private sector – and hopefully I'm not going to cut anybody else off in their question – and why I believe this is the right thing for us to do, to build from within, develop our expertise and skills, is that the private sector has been a bit battered and bruised over the last little while, and they're being pushed up by insurance costs. All those lawsuits, Enron and everything, are pushing up their insurance costs, pushing up their technology costs, and indeed they've ended up with a certain cost push on their salaries too. So they've got three big things pushing them. We only have the salaries of basically the students and managers pushing us. We avoid the big costs of technology and insurance.

MR. HLADY: Thank you very much.

THE DEPUTY CHAIR: Mr. Friedel.

MR. FRIEDEL: Thanks, Denis. I had a question that was similar to Laurie's, and I'm not sure I actually caught the answer. The agent services are increasing by 5 percent, which seems to be about the biggest increase in the budget area, yet you talked about doing some of that work in-house. Just in the way you're contracting it out, it was curious. How does that reflect? If there's going to be less service required, why would the cost increase more than in other areas?

The second question I have: if you're going to be farming out to agents some of this work but using predominantly their lower level staff, if that's the right term, is that going to make it harder to attract agents that want to work for the AG's office? That means that their support resources which are usually in peak demand are the ones that you're trying to attract, and the ones where they might make a little more profit aren't going to be as much in demand.

The third question. You mentioned the three extra staff. Are those just general services, or are there some areas in government that are creating more of a demand for your services?

Then a clarification question. Monica said that previously the WCB was contracted out to KPMG, and the cost was billed back to them. Now, I'm not sure if I misunderstood when you said that when it's done in-house, they're not billed back. That would raise the question: why would we want to do it in-house, then, if it just costs us extra money?

MR. DUNN: Okay. Well, let me start off with a couple of these you talked about. First of all, let me talk about the model I'm trying to follow with the agents. I've met with the city leaders and senior partners of the big four firms to discuss this. Obviously I came out of that milieu, so I wanted to make sure they were all right with it. A big concern in the private sector is if you have a risky client, a high-risk one that could turn around to have an audit failure and therefore a large lawsuit. By going to the private sector and saying that we will help you avoid that risk by putting the mind and management of our senior people here, who understand the public sector – its principles, its practices, its policies, its risky areas, what are big concerns – we take away and mitigate a lot of the risk that they would otherwise have.

So the term I use with them is that by bolting on their staff underneath our senior people, we get the best of both worlds. We get the experience of our people and the comprehensive scope that we have where they're not as comfortable with that comprehensive scope, and we can help train their staff to perform, you know, the business process audits. They're quite comfortable with this because overall we manage risk better. Clearly, I can't have enough staff in time for the peak load, so we must rent them, then, during our peak period. That's from March 31 to June 30, when we have to report on the financial statements and the performance measures that are in the ministry's annual report. They actually believe that this is a good way of doing things.

You're right. There is a bit of a question about our partners and maybe senior managers who are at the higher rates, as we discussed with my question. You won't be employing them, but a lot of the firms have downsized and are starting to increase what I call the leverage there. They're downsizing their partners and their senior managers. A good example: when I was here in Edmonton in my previous life, E & Y had 14 partners. They now have three, so that's very, very much more of a stretched resource. So if I can remove some of the pressures off them and bolt their staff underneath it, it meets some of their objectives, too, to increase their leverage.

So you said: how am I going to do it? That's basically seeing the

issues that they were addressing and working with that. We've got the mind and management; they've got some of the temporary resources, agent hours that I'll need. Bolt them underneath it, and it'll give us a better overall mix and conduct.

Then you said on the staff increases – I can't say if we're increasing, Gary, more by way of specialists. I know that with Ed Ryan coming in, it's a new specialization. That indeed is an add-on to our special types of skills. By way of comparison Manitoba has five people in their AG's office doing special investigations. And where would you do the special investigations, CKUA and other ones, if we had issues that came out of a different department? You need those forensic and investigative skills that can be done there.

10:30

You're probably also aware that we're asking for our act to be changed where we can also obtain testimony and depositions and that type of thing, and I certainly look at those areas where we will be able to provide those investigative skills that are needed by the public sector. So that is one area where we're increasing our skill levels, and I'll be looking to train a couple of people under Ed's leadership, a couple of our present staff in there, and I'd like to build up that complement into three or four people over time. But overall, you said: are you increasing more in general skills or special skills? More in the general skills than the special skills right at this moment.

The agents cost you said is going up by 5.4 percent. I'm not sure.

Monica, do you have an actual comparison of the total number of agent hours this year versus agent hours last year?

MS NORMINTON: Yes, I do.

MR. DUNN: When I went through it with you, there was an ever so slight increase in the number of hours. It was primarily a rate increase in there.

MS NORMINTON: It increases only by 877 hours, which isn't a significant increase in itself. Year over year, in talking to the agents, they're predicting an 8 to 10 percent increase in their fees, where we've only increased the budget by 6 percent, taking into account that we'd be reducing their usage. But it'll take time.

MR. FRIEDEL: So it's more of a function of the rate going up rather than the services contracted?

MR. DUNN: Yeah. So when I say "overall," we're looking at a number of restructurings in the government. We've got the RHAs that I'm aware of. The CFSAs seem to be going through that. We anticipate these changes coming there. I want to bring most of that work in-house. There will be a small amount of work which will increase the agent hours, as you just said, by 877, but really the pressures on the agents are coming threefold. They've got the same salary scale level increases that we have, even more so at the top than I have, but it's that insurance cost which is really driving up their fees and investment technology.

MS NORMINTON: Just to demonstrate: the average partner rate charged this year to us has been \$282 per hour, so that's significant.

MR. FRIEDEL: I'm going to be an accountant in my next life.

MR. DUNN: Then you can retire and become an auditor.
I'm not sure if we hit all your other questions.

MR. FRIEDEL: The WCB issue.

MR. DUNN: The total fee for WCB. Let me just talk about that for a minute, because it's a rather interesting comparison. Indeed, my office, when I had been previously involved with Pricewaterhouse-Coopers, had bid on or submitted a proposal on WCB. When we looked at all the responses to our last RFP, an average of about 1,500 WCB hours were thought to be spent. The agent was spending approximately 1,000 to 1,100 hours. You can get by if you do, I would call it, a bare bones audit. You can get by if you look at it in an organization like WCB, make sure those investments are there and they're fairly valued, then attack that actuarial liability and just go through the actuary side. You can basically say that your balance sheet is fair and reasonable, and then you've got your disclosure.

But what's WCB's biggest challenge? Claims processing, and that's where we want to spend a lot of time. So our hours this year will be about 1,970 hours, and we're going to be looking at the whole area of claims processing, how they handle the claims when they come in and then how they move over to appeals and that type of thing. It's been an issue which has been in the media and a lot of people are interested in. It's not an area that normally as a financial statement auditor you'd be overly concerned about. As a financial statement auditor you're most concerned with: have you recorded the liability for the claims that you've accepted? We want to see how they evaluate, assess, and set up the claims, that type of thing, in addition to making sure that the financial statements contain the liability that's there.

MR. FRIEDEL: The question was, though, and I may have misunderstood . . .

MS NORMINTON: No. I'll answer. I don't think it's costing us more. We're bringing it in-house, so our staff costs are fixed, whereas previously we had to pay out agent fees and bill WCB for a portion or all of those fees.

MR. FRIEDEL: So what do they pay for? The added costs? If KPMG did all of the audit, they would have to pay 100 percent of it?

MS NORMINTON: Right. They paid 100 percent of KPMG's fees, whereas when we bring it in-house, we will still be billing them but not at the market rates. Our staff costs are a fixed cost to us.

MR. FRIEDEL: Okay. That was the part I missed. So we're still billing them for the in-house cost? They don't get a free ride on some service here?

MS NORMINTON: No. Sorry if I misled you.

MR. DUNN: Can you just summarize which ones we bill and which ones we don't bill?

MS NORMINTON: Sure. The rule is that generally we bill those that are not funded primarily from the general revenue fund. So if they get most of their revenues from a nongovernment source, we bill them. That's the general rule. Did you want me to go through examples?

MR. DUNN: Yeah, you could give some examples.

MS NORMINTON: Agriculture Financial Services Corporation; Alberta Energy and Utilities Board; Alberta Municipal Financing Corporation; Alberta Securities Commission; some of the pension plans; the RHAs, which Fred already mentioned; the dental plan trust; extended medical benefits; Northland school division;

University Technologies International, which is out of Calgary. So those are some examples.

MR. FRIEDEL: That's good. Well, thank you.

MR. DUNN: So for the most part all ministries, departments, and everything else are not billed out. It's another interesting one that you raise, though, because we're often approached by departments and ministries: will you do an audit? It might be in response to federal funding. They need an audited statement on what will go in to support a funding type of thing, and the request is: will you audit it for us and give your opinion on it, or would you like us to go directly – the department – to the external audit services and hire somebody and pay them? My response has been – and I think it's the same as my predecessor, Peter Valentine – that we'd rather bring it into our office and control it in total so we know what is being done. We can learn from those submissions. By the end of the day we realize that the rates we get with the agents – albeit they're higher than the standard market rates – are less than what somebody else might be paying for the agent.

So we're trying to learn and keep the experience, you know, contained in-house but at the same time not see somebody paying an excessive amount for relatively small services that have to be rendered. So what it does do is we respond positively to these requests that are being made of us, and it drives up the work hours.

THE DEPUTY CHAIR: Ms Graham.

MS GRAHAM: Thanks, Denis. I'd like to compliment you on setting forth the components of the budget in a very concise way, so I don't think there's any doubt amongst any of us the reasons why there are increases in certain areas. But I was just wondering if you might address to what extent you take into account the general ministerial targets that departments are looking at for the next budget year. I believe that's an average of 2 percent per department, and that would be on your overall budget. I'm not sure what the public service will be offered in terms of a salary increase for the coming year, but I guess I'd be surprised if it was 4 percent.

MR. DUNN: Okay. Well, maybe we can go back.

Monica, you've got that material that came out from I think PAO.

MS NORMINTON: Yes. For the salary increases it was a discussion with the acting Public Service Commissioner that it's too early to tell what the raises will be. However, if you're looking right now, which was in early November, at the CPI, it'll be somewhere in the 4 percent range. That was a general conversation. So that's what we went with, the 4 percent. CPI was 5.2 for Alberta. That's too high, so we went with the 4 percent. That's what it was last year, so it seemed reasonable.

MR. DUNN: Certainly in response to it, when we get them, we'll be adhering to the targets. We will not be exceeding them.

MS NORMINTON: No.

MR. DUNN: I do not plan to actually give increases greater than what the public sector commission, you know, allows us to do. But in anticipation, based upon the feedback that we receive, we understand that it may be 4 percent. If it does come down to be 2 percent, then that's what our increases will be.

MS GRAHAM: I see. So they're consistent with this?

MR. DUNN: I think that in answer to your first question, "What do you take into account?" we will be following whatever direction and requests are being made of the rest of the public sector. We'll be adhering to that. I do not plan to be anything different than the rest of the public sector.

MS GRAHAM: That is the largest component of your budget increase.

10:40

MR. DUNN: Yes, in total it is.

MS NORMINTON: We would return the funds. We would follow the government standard and then return the excess.

MS GRAHAM: That explains that.

MS NORMINTON: Regarding your 2 percent we have the same letter that was given to the government departments, and we tried to follow. The ministry program spending targets are unchanged from those published in Budget 2002, so that's why we tried to adhere to the estimate that we presented last year, and Fred's reference to us being within \$50,000 is actually \$37,000, to be exact. That's the target that we were aiming for: our estimate as we presented it to you last December for this year. I don't know if you have it, but if you would refer to the letter that we had presented last year, you'd see that we're only \$37,000 different.

MS GRAHAM: That's pretty good, I would say. Okay. That's very helpful. I wonder if you would also maybe just comment about the succession planning. You seem to have quite a complete plan now, but would we conclude, then, that this has been somewhat deferred in recent years and not really addressed in an aggressive way?

MR. DUNN: Well, I really can't comment on whether it was dealt with in an aggressive way. Monica, maybe you can supplement a little bit.

As I joined the office, it became apparent: that's something that I should be looking at immediately. I sat down with each of the AAGs and asked what their thoughts on life were to be. First, when I joined on June 1, it was a rather busy time up until we got the financial statements out at the end of June and early July. As I sat in July with them as to where their expectations were, very quickly they told me: we don't plan to be here all that long. If you like, I can tell you the dates which each one had, but the furthest out date I had was with the person who was the acting Auditor General, Jim Hug, and he said October 2006. All plans had been set there.

So has the office really deferred it? It's something which had to be addressed as soon as I arrived. I sat down with everybody, and there's going to be no push on anybody to leave earlier. If anything, I would like to stretch them out one year, but based upon the response that I received, I don't believe I'm going to be successful in doing that. But each and every one of them provides a very good job. They are, as I say, hardworking. I feel blessed working with such professionals. They don't have egos about them, they don't have false expectations or anything like that, and they provide very, very good leadership and mentoring to the staff. But they are all arriving at the public sector's retirement entitlement which is, I think, 85 years of service and age. When you hit 55, you can retire with that 85 combination. There is very little incentive for them to continue on past that quadrant. Some have agreed to stay on for another year past the 85 quadrant, but they don't want to go any further.

In fairness, you say: has it been aggressively followed? I guess I'm aggressively following it. It does have a cascading effect, obviously, and then it comes down to my principals. If I have to replace all four AAGs – as I said the other day, I'll have four – it does cause a big effect on the principals below, which then says that those are the more senior and progressive ones which will become AAGs. I'm sitting down with the PAO right now and going through how we might be looking at the selection activities, but then that's going to leave me very vulnerable at that level because I'll lose three or four of them going up to the AAG level, which means I have to push some managers up.

Monica, can you give us a little bit of background? As I say, was it addressed before?

MS NORMINTON: I would say it wasn't addressed. Generally, we were knowing that these people were retiring, but specific dates weren't talked about, and with Fred coming in, that was one of the first things he addressed. I think he just looked around the table and saw that these aren't young people, and it needs to be addressed. But previously it wasn't addressed aggressively, no, nor were specific dates.

MS GRAHAM: It's good that we are now.
I have a couple more questions.

THE DEPUTY CHAIR: Go ahead. I have no one else on the speaking list.

MS GRAHAM: Okay. You may have already explained this, but we're at 118 staff?

MR. DUNN: Yes.

MS GRAHAM: FTEs?

MR. DUNN: Right.

MS GRAHAM: You're looking to increase that to 126, and I think you've called that the right number. Now, is that working up to what we used to have or is that based on what the new workload is?

MR. DUNN: First of all, you can explain to me how we arrived at 126, Monica. How did we arrive at that?

MS NORMINTON: Actually, it predates me, but I can give you what I know about it.

In late '97, early '98 there was a consolidation or a review of the office and its work and what staff was needed to undertake that work. At that time Peter Valentine and Merwan Saher and some of the other AAGs went to PAO and presented their full-time equivalent request of 126 staff, and ever since then we've been working towards that goal. My understanding was that previously the office was significantly larger, actually, and that there was a period of downsizing in the '95-96 time period. After that downsizing they went too far down, and ever since then they've been trying to build back to 126.

MR. DUNN: I haven't done an awful lot of research on the history of the numbers, but I believe that at one time it was around about 160, and bluntly that's too many. There's no way. What I'll also be looking at next year is chargeable hour targets, something that, again, I'm familiar with in the private sector. How many utilized hours a person should have and looking at the amount of work that

we have to do, figure out the number of full-time equivalents. I would hope they'd come back and challenge that 126 to make sure it's the right number. At this moment, though, I haven't done that research to figure out exactly where we are. I'm more concerned about making sure we have the proper balance. As I said, first our own people being utilized and then looking at using agents, and I'm trying wherever possible to use the agents on what I consider to be the lower risk.

By way of example, I would never agency out ATB. I would like to try and keep WCB internal. Finance, Revenue. Those sorts of things I should not be using agents on. Those are far too sensitive and far too critical to the whole government. But I will look at items where we're spending too much time, in my opinion, for the results that we're achieving compared to what the private sector might do on small, stand-alone types of operations: subsidiaries of universities and those types of things, where agents are quite comfortable and clear on doing that, which I see as much lower risk to the public sector. I'll agent that sort of volume out and use our people and develop their skills and strengths from the highest and greatest exposure to the public sector and then come back and find out what is the appropriate number that we should have in our office.

MS GRAHAM: So it would be fair to say, then, that this budget is not based on hiring any new people beyond the 118.

MR. DUNN: Well, as in trying to address Dr. Taft's question earlier on, I believe it was, or Laurie's question: are you trying to get to 126? I believe I am trying to get to 126, but how I am trying to get there is through hiring the student level, pushing from the bottom. Obviously, if I add in eight to 10 each year and something doesn't pop out at the top – I have my retirements, but if I'm not retiring eight a year, I'm going to be increasing my overall complement, and that's why I believe it's going to be two fiscal years. If I add in eight to 10 each year, that's 16 to 20, and I will retire six. I'm going to be 10 up, and I'm sure I'm going to lose some. You just cannot tell in this business. You just can't tell, as I say, when they're most vulnerable, where their careers are going to take them.

MS GRAHAM: I just wondered if you would comment a bit further. You talked about the shift in emphasis or certainly in time devoted to systems audits versus regular auditing of financial statements, and you enumerated a number of departments that you want to scrutinize their contract management. Should we be really concerned? Obviously, you are concerned to be changing the emphasis here.

MR. DUNN: That's a very good question, and I'm glad you asked it. Why do you want to shift to systems auditing versus the financial statements? At the end of the day it is that we have not been spending, in my opinion, as much time as we should be spending in the triple E: the efficiency, effectiveness, and economy. We haven't been spending as much time. That's because we've been so darned busy doing all these little financial statement audits and all the various things that come around on performance for reporting. That's the type of work where I say that if I can, I'll shift some of that low-level stuff off to the outside and bring on the higher skills to do systems-type auditing, which is value for money. The federal people use the VFM, value for money, and you read a fair amount about Sheila Fraser.

Those assignments are much more difficult to do. It takes a more mature and experienced individual to deal with that because you're not just checking numbers, going into financial statements; you're looking at business processes. Our office doesn't step into policy, but we certainly step into implementation and impact of policy.

Government sets policy. You people debate it in the House, but we certainly should be looking at the implementation and impact of policy.

10:50

Some areas that we'll be looking at this year. We'll be looking at the royalty rates and how the royalty rates that are coming out of Fort McMurray were decided. We want to make sure that those things are all being properly challenged and they're being costed out effectively and being reported effectively, so we'll be looking at the implementation of that royalty regime as well as the impact. We want to make sure that the proper measurements are coming out. That takes seasoned individuals. You can't assign students to that sort of work.

So I think that's the greatest value we can bring to the public sector, to do that sort of work. The shift, though, is going to take in the culture in our office to get people off that which they have historically been doing and somewhat comfortable with and move them over to that. I can't do it in short order. It's going to take me a cycle or two to get through this, and that's why I'd like to see overall our target being at 30 percent.

By checking with some of my counterparts – in B.C., it's about 50-50, although they readily admit that they do not spend enough time on financial statements. Far too much of that is not going through their office. Crown corps hire their own auditors, and it never really comes under the Auditor General's scrutiny. The feds spend more like 60-40: 60 percent on value for money, 40 percent on assurance audit. But again, they never, ever see a lot of those Crown corporations in the audits of the financial statements. If you look at that gun control, that's a year and a half they were at that gun registry. Our assignments will be probably much smaller in scope, obviously, and more in the neighbourhood of about 600 to 800 hours that we'll spend on those systems types of process audits. When I take what we're planning to do over the total audit hours, I'm going to be pushed very, very hard to get to that 30 percent target, but I think it's the right thing to do.

MS GRAHAM: And it is the trend, then, across the country?

MR. DUNN: It's the trend and all the rest of it, and it's something that we should be doing. Again, I think I can go on record as first of all complimenting the public sector we have here in Alberta. I've been made aware that Mr. Nowicki has made it a requirement for deputy ministers to remove the Auditor General's repeat recommendations. So I'm getting lots of calls from deputy ministers now to say: how can we implement this? Those are the agreed-to recommendations that are in our report. I don't think you have that very same consciousness or attitude at the federal level and maybe in certain other jurisdictions. Certainly, some AGs have to run a philosophy of management by embarrassment. We don't have that. We certainly have a public sector – and I don't want to seem to be overly complimentary on it – which is conscientious and wants to get rid of those recommendations.

But in turn, to bring value to the public sector, they do appreciate when our people come in with some good skills and background, an independent view. It helps them that we can bring that rigour and discipline to make sure that the proper checks and balances are there. Every exit meeting that I've been at from the private sector, I've never had the response that I'm receiving here, that what you people have raised is important, we understand what you're saying, and we're going to get onto it. The only thing we generally debate is: how long before we'll accomplish it? It's not that your facts are incorrect; it's not that your recommendation is incorrect; it's the time to accomplish that.

That's why I believe that at the end of the day, based on those responses, that's the right thing for us to be doing: more business process auditing, systems auditing.

MS GRAHAM: Well, thank you for those answers. I'll go on the end of the list again, then.

THE DEPUTY CHAIR: Mary.

MRS. O'NEILL: Thank you very much, Mr. Chair. Mr. Dunn, I just wanted to ask you a question, more out of curiosity than anything else. It follows on the systems auditing, simply because we've come through a year when we've observed the Enron experience. We're even looking at the gun registry scenario federally here. My question would be: has 9-11, has the whole Enron experience and all that surrounds it affected the budget and the attention that you pay to the specifics? Or have you answered that – I'd say conversely – by mentioning that you are going to look for the value in it?

MR. DUNN: If Enron hadn't occurred, I'd still be on that same strategy of value for money or systems auditing. The fact that Enron did occur and the other unfortunate things happened just emphasizes that it's even more important to be on that strategy.

Financial statement auditing is important, and if you've got good systems and good people in place, the risk is very low that there will be a big failure there. What might be a problem is if there is a situation where there is inappropriate procurement. The financial statement is right. We paid that amount, the cost came in, and the financial statement is right. It's just that we were not efficient or effective in our procurement. I think that the greatest risk to the public sector is not that the financial statement is wrong; it's just that we paid too much to get to where we are. So, as I say, regardless of whether Enron occurred or anything else, I think that where the emphasis has to be placed in our office is much more on that VFM type of work.

THE DEPUTY CHAIR: Yvonne.

MRS. FRITZ: Thank you. An excellent presentation this morning. I found it very interesting when you were commenting on the value-for-money audits compared to the shift that you are making and will follow that over the next year to see how you're doing with that, because it's an enormous change.

I was interested in the employer contributions and seeing that it's an increase of 26 percent, because that's so high. I know that also over the past two years it has increased significantly as well. I wondered overall what that has been and what the projection is for next year.

MR. DUNN: Well, Monica, if you could just summarize what makes that up, the main components.

MS NORMINTON: Sure. Employer contributions are the pension plan, the RCAs, employment insurance, CPP, the medical benefits, WCB, long-term disability, and group life. They have gone up every year. Just for an example, for dental for a family in 2000-2001 the rate paid by the employer was \$22.75 per month, and now it's \$77. That's an increase that's happening in this budget year. It happened last year, where it went to \$72.50, and this year it's going to \$77. There are similar increases right down the path. The management employees' pension plan: we just got notice that that is increasing. RCA contributions are increasing. I don't know how much detail you want me to get into, but they are all increasing significantly.

MRS. FRITZ: So it's generally because of the legal responsibilities that we have, and they've increased significantly in that area, not because you have employees going onto LTD or you have people that are experiencing more back pain or whatever and they're on WCB so the increase of 15 percent. There aren't any changes within . . .

MS NORMINTON: No. We have had one person actually go on LTDI in the past year, and unfortunately they died recently. But other than that, no. It's increases in salaries. That is a portion of it, and then the contributions over and above the increases in the salaries. Some are set, and some are proportions of salaries.

MRS. FRITZ: Do we know if for the next year or two it is going to continue to increase in that way?

MS NORMINTON: Well, for example, for the management employees I built in a little bit of a contingency here of \$90,000, so it wasn't a huge contingency. The management employees' pension plan came out only two weeks ago, so that kind of ate up a part of that contingency. I would say that I hope they're not going up, but I put that contingency in based on past experience that everything is going up annually.

MR. DUNN: This is a challenge. Indeed, the whole pension costs are going up. You're probably aware. I think that 4.35 percent is the total increase for the management employee pensions. Was it 2.45 for the employer and 1.75 or something like that for the employee?

11:00

MS NORMINTON: Two point 3.

MR. DUNN: Yeah, 2.3. Well, obviously the stock market performance has not been all that good, and with salaries increasing, even with just inflation, if it's only 2 percent, the benefits increase. We've seen some fairly large increases. Certainly the pension plans that I'm looking at have got some very large employee and employer contributions.

THE DEPUTY CHAIR: Ms Graham, you had asked to be back on the list.

MS GRAHAM: I think Mary has addressed it, but maybe I could ask you, Fred, just to maybe talk a bit more about – and I know you've done this in different audit entrance meetings, say, with ARC – that U.S. law and how that is maybe impacting your office or approach.

MR. DUNN: The law that you're referring to is the Sarbanes-Oxley law, known as SOX and that type of thing, and indeed it is restricted to the U.S. and anybody who would be filing in the U.S. However, it's a pervasive one which is crossing over our border, and as a result of Enron and WorldCom, in response to that, the Canadian Public Accountability Board has come up with standards which are starting to model or reflect what's involved in the Sarbanes-Oxley requirements.

A couple of big issues will be addressed out of there, first of all auditor independence, and that's one which I will have to address, making sure that we can rotate our engagement leader every five years. Another big issue that's going to come out is going to be reports on internal control. As you know, right now we report on matters that affect internal control, but we don't give an opinion on the whole internal control system of the government. I suspect that's

going to become a requirement. It is certainly going to be a requirement for the public companies, and if any of you are at all familiar with old governance regulations and that sort of thing, it started out in the U.K. in the mid-90s, something called Cadbury, and organizations started to talk about their internal control, the adequacy of it, great debates on legal liability around directors and that. Sarbanes-Oxley mandates it now, starting effectively August 29, that organizations are going to have to report on the internal control, and the auditors are going to have to report on the fairness of that representation on the internal control.

So that matter is going to affect auditors and their performance, and that's another reason why I'd like to do more business process internal control work. I'm anticipating that's going to become a requirement. The only jurisdiction in Canada that now reports on its internal control through the Auditor General is Saskatchewan, and of course right now it does give a formal opinion on it. But I'm suspecting that may end up becoming a request of our office, and I want to make sure that we are prepared to address that with the right skills and that.

Other matters come out of the Sarbanes-Oxley which affect the private sector more so than ourselves. Certainly the question around auditors' objectivity and being able to demonstrate that objectivity through documentation: much more of a challenge to the private sector than to us, because, as I said, we spend more time on the job, and we get down below just the surface of the financial statements. We get down into the systems a lot more right now. I think that's going to become a real challenge to the private sector. Their fees are just going to be going up in doing that sort of work.

MS GRAHAM: When you reference internal controls, that's department by department; is it?

MR. DUNN: Uh-huh. Agency by agency, corporation by corporation, that sort of thing, yeah. It may come to pass that we'll be expressing an opinion on the adequacy of the internal controls – and internal controls in its full scope of internal controls – for an organization like the University of Alberta, the University of Calgary, or the government as a whole. That's why the recommendations in here – we talked about enterprise risk management. We talked about internal audit coming in to look at that front end, more the preventative side of it. We talked about the whole area around internal controls. We are anticipating that this is where we'll be moving to over the next two or three years.

MS GRAHAM: This goes much beyond financial auditing.

MR. DUNN: I know I'm going on too long, because I saw that Dr. Pannu had a question.

In the area around internal controls a lot of people get confused. It's really made up of three slices, and if you ever want to do any study around this – I find it rather fascinating. I'm sure you find other things fascinating. The segments of it – quite often people misinterpret it. They always think of financial controls: get the balance sheet, get the income, and see if they're right. But really it's operational controls. Do we do the right things in the right way on the job, with environment protected? Do we run our businesses right? Then the third one is legal or regulatory compliance.

That really makes up the full suite of internal controls. Historically auditors have always tended to go into just that one slice, the financial statements, and not talk about the other slices, really the operations of what we do in the conduct of our business and compliance with all the rules and regulations, and that's where I think we're going to have to give an opinion on the full three slices.

MS GRAHAM: Thank you.

DR. PANNU: Mr. Dunn, I, too, want to join my colleagues in complimenting you on the very stimulating presentation you have made. I have learned a fair bit that's new from what you have said. You may have answered my question. The question I was going to ask was if you would explain to me what is internal control versus scope of these activities. I think you already mentioned the threefold things. So if there's anything else to add to it, certainly I'd like to hear.

MR. DUNN: Indeed. The whole study around where did governance start to get concerned about internal control really started in the late '80s. We had out of the U.S. the S and L crisis, the savings and loans crisis. We had the collapse in Canada of a number of organizations; you know, lest we forget, Standard Trustco, Livent, Confed Life, all those ones which were there. Where did they go? Internal control had moved itself away from being just the financial statements into a much larger suite.

An acronym that a lot of people hear about is what's called COSO, which is the Committee of Sponsoring Organizations. What was the equivalent of the Dey committee report in Canada was the Treadway committee in the U.S. The study through COSO came out with a full explanation around what should be considered to be internal control, and it's really from that COSO document that I was kind of reciting those three elements. It's not merely the financial statements and reporting. It's: how do we run our business? Have we got our proper strategy in place, the proper controls at the top, the ethics and values, all the way down through the operations of the organization and then with the whole suite around regulatory issues and laws, which we're required to comply with? That's really the broad spectrum of internal control. If you look at it, what you want to watch out for is any accounting or response that'll insert words that say, "internal financial controls," because what they're doing is moving you over to a very thin slice of the full suite of internal controls.

DR. PANNU: You did mention something about environmental impact of policies. Indeed, when you use the word "environment," do you use this very broadly or specifically to air, water, whatever, you know, resources?

MR. DUNN: Both. First of all, you have to use it very specifically, what environmental laws specifically pertain to that activity, and then you have to look forward to say: generally, are there any other laws which are coming down that you have to be responsible for?

MR. FRIEDEL: Just one very quickly. Did you say that the feds do about 60 percent of their work on value-for-money audit?

MR. DUNN: Yes.

MR. FRIEDEL: It doesn't speak much for how effective it is then.

MR. DUNN: I think that we have, fortunately, a very good federal Auditor General. I've met Mrs. Fraser, and I think she's very, very excellent. However, the public sector may not respond, and if you'll read a number of her reports – you know, we use the term "we recommend"; we track and all that – you'll see her recommendations. Remember the one on social insurance numbers? How could 5 million social insurance numbers be missing? How could you ever run a business like that? Well, she refers back to one from previous years, a couple of years ago, when there were 2

million missing. They just didn't respond, and she's using a tactic which is really management by embarrassment. As I've explained to, I think, certainly MLAs that I run into on the Public Accounts Committee or to ministers, I would hope that it never is a strategy that I'll have to be associated with. Indeed, in all honesty to yourself, the response that we get and the reaction that we get is most positive, that they look at us as being at the front end. They call our office on issues. They discuss it with us up front. They want to work out a solution before it becomes an issue. At the end of the day, standing on the *Titanic* after it hit the iceberg, it's not very comforting to say that there's an iceberg below. You want to say: there's one out there, and let's avoid it. So at the end of the day, as we say in our mission, we want to look for solutions to avoid the problems, and indeed I think the office and its history has worked very, very well with the public sector that way.

MR. FRIEDEL: Thank you.

THE DEPUTY CHAIR: Well, this concludes my speaking list. Are there some closing comments that you'd like to say, Mr. Dunn?

MR. DUNN: Well, first of all, thank you very much for your questions. I appreciate that. I found them rather interesting. If we had some more time, we could talk about the theory of auditing. But, indeed, I appreciate everything that you've asked, and I certainly look forward to your support for our office.

Thank you very much.

THE DEPUTY CHAIR: Well, thank you very much. On behalf of the committee I'd certainly like to thank you for the presentation this morning and, as we're nearing the holiday season, to wish you a Merry Christmas and the best of the season. Thank you.

[The committee adjourned from 11:10 a.m. to 11:18 a.m.]

THE DEPUTY CHAIR: Okay. The committee is back. I would like to certainly start by welcoming both the Ombudsman, Mr. Scott Sutton, and Ms Dixie Watson, the director of corporate services, for coming to meet with the committee today to present the 2003-2004 budget. I believe that you know everyone around the table, or would you prefer that we go about with introductions?

Okay, we'll go around.

[Ms Blakeman, Mr. Ducharme, Mr. Friedel, Mrs. Fritz, Ms Graham, Mr. Hlady, Mrs. O'Neill, Dr. Pannu, Mrs. Sawchuk, and Dr. Taft introduced themselves]

THE DEPUTY CHAIR: Maybe before you go into the presentation, I'd just like to acknowledge for the record that the regular chair, Mrs. Janis Tarchuk, has had a death in the family and is unable to be here today, so I will try my best to chair the meeting today.

MR. SUTTON: Thank you, Mr. Chairman. Good morning, everyone. My presentation is going to be very short this morning. Unlike the Auditor General I don't have a lot of props and whatnot to use.

A number of years ago when I came before this committee, we committed to a long-term strategy on a financial plan and process, and I'm pleased to say that we're holding fast to that plan. I've sent you all a package, and I'm going to refer to some of that package in that the status of my budget reflects an awful lot on some impending legislation. Under the Health Professions Act, for example, I have jurisdiction to investigate complaints under the 28 health professions, only six of which schedules have been proclaimed and

are current at the present time. The rest are ongoing. Again, the amendments to my statute have not yet been finalized. I believe they'll be going to SPC on the 27th of this month. So we're getting close, and there is going to be some significant change there.

As you're aware, I can't control the passage of legislation. In the past what we have done was prepare for the eventuality of that passage of legislation. I made a commitment to you at that time that I would be a good steward of public funds and that should you fund me appropriately so that I could respond and if I didn't need those funds, I would return them. I'm pleased that this year I will be returning those funds that I didn't use.

It's pretty much the same this year. We've been hit with a couple of changes. We've gone into a new Hay classification system, which has increased our costs. We've had a number of government service costs downloaded which have increased and whatnot. But through it all we've managed to hold fast, cut some costs in certain areas, and my budget for this year is only 1.6 percent over and above what my target was last year, which I feel will fund me very adequately and ensure that I'm able to respond to any demands that are before me for the next year.

Also, I'd just like to say that this is my last presentation to you, and I did want to ensure that my successor was certainly adequately funded for what eventualities are before either she or he. I feel that that is in place now. The structure in the office is well in place. Our setup now is functioning well. It's capable of handling more. We've had some staff changes, but overall things are well.

You have the package before you with the explanation, and I think that if you would like to do so, we could go through the line items. I could certainly explain those to you, and probably the easiest way to get the best understanding is to respond to questions that you may have.

THE DEPUTY CHAIR: We are open for questions unless you want to go through line item by line item.

MR. SUTTON: I don't believe that's necessary. I think that possibly the best way that we found in the past to clarify issues was to respond to questions. So if committee members do have questions, I'd certainly be happy to explain them. I see that Mrs. O'Neill has one.

THE DEPUTY CHAIR: Mary.

MRS. O'NEILL: Thanks, Mr. Chairman. Mr. Sutton, I wanted to ask you – I'm on the line item page. The comparable '01-02 actual and '02-03 budget. There are some quite significant differences, so I'm just wondering if you could – and perhaps I should have been more diligent to find out, but the advertising one, for instance.

MR. SUTTON: Oh, no. That's a very good question.

MRS. O'NEILL: I understand the data processing and the increase there and your materials you've reduced, but on the advertising one I need just a little.

MR. SUTTON: The advertising one – that's a very good question – was one that we looked at very seriously with the advent of new legislation, in particular the new regional health authorities becoming jurisdictional. We looked, and we decided that we were going to have to do a lot of proactive work or proactive advertising in that aspect, and we budgeted for that. To give an example, to run in all the periodicals in the newspapers in Alberta, just to run one ad, it costs around \$40,000. So we are trying to be a little pre-emptive

and establish and ensure that those moneys are there in the eventuality that we have to go out and do some strong work on the forefront on that, and that's what that is for. As you can see, those funds weren't expended last year, yet they're built in again this year.

11:25

THE DEPUTY CHAIR: Dr. Taft.

DR. TAFT: Thanks, Mr. Chairman. The issue you address in your letter about the changes to your mandate because of shifts in legislation I think, obviously, is crucial, and as I'm reading it, the regional health authorities will now be under the jurisdiction of the Ombudsman. Is that what you're anticipating?

MR. SUTTON: I am anticipating that the complaints processes will become jurisdictional, yes.

DR. TAFT: I should probably know this, but how certain is that?

MR. SUTTON: In discussions with Health – I think the chair will be able to help me out with this – we are in agreement, and I do believe that that will be an eventuality within the year.

DR. TAFT: Okay. That potentially has a huge impact on you and on your budget.

MR. SUTTON: It does have a huge impact.

DR. TAFT: So how have you accounted for that change in your mandate in the specifics of your budget?

MR. SUTTON: Specifically, it was to position myself with the processes and structures within my office and the ability to handle the increased workload with also the ability and the funding to be able to hire sufficient staff to deal with that, and that has been basically the override that I have run this year. What I am returning was – I have not yet hired that staff, and I won't hire that staff until that need is there.

DR. TAFT: Quite rightly, but how many staff, for example, do you anticipate needing?

MR. SUTTON: I'm anticipating an increase of three to four staff max at this time. Again you're dealing with the unknown, and I don't want to overreact, but I do want to be in a position to react appropriately.

DR. TAFT: Okay. Good.

THE DEPUTY CHAIR: Ms Graham.

MS GRAHAM: Thank you, Mr. Chair. Mr. Sutton, when are you retiring?

MR. SUTTON: My five-year appointment is over on March 31 of 2003, and I have mentioned to the chair that I would like to see a seamless transition with the new person and that if there was a plan in place, I would be willing, should it be the committee's wish, to stay on until such time as we get a new person in there.

MS GRAHAM: So you're flexible on that?

MR. SUTTON: I'm flexible, yes.

MS GRAHAM: That's good. My, the time has gone quickly.

MR. SUTTON: It has. It has gone very quickly.

MS GRAHAM: I was just wondering: what is the percentage increase in your budget this year over last year?

MR. SUTTON: The target?

MS GRAHAM: Yes.

MR. SUTTON: It's 1.6 percent over the target.

MS GRAHAM: But over last year's expense versus this year's?

MR. SUTTON: The actual?

MS GRAHAM: The actual.

MR. SUTTON: The actual is 7 percent.

MS GRAHAM: Okay. That is accounted for in what major area then?

MR. SUTTON: Some has to do with the new structuring within the Hay system, for example. There has been an offloading of costs within government services, and I can just give you an example. Infrastructure used to pay for our telephones. Last year and this year that cost has been offloaded and seen an increase of almost \$17,000. Outsourcing to Alberta corporate services, data centre rates. Our costs have gone up with Imagis. There have been some increases in there, and that accounts for a good portion of some of that.

MS GRAHAM: So basically costs beyond your control then, ones that have been imposed?

MR. SUTTON: I would say so, yes.

MS GRAHAM: With the exception of the advertising then.

MR. SUTTON: The advertising, yes.

MS GRAHAM: How large is your staff at the moment?

MR. SUTTON: I have 21 staff at the moment.

MS GRAHAM: Thank you.

Thanks, Mr. Chair.

THE DEPUTY CHAIR: Dr. Pannu.

DR. PANNU: Thank you, Mr. Chairman. Mr. Sutton, are you exercising the option of early retirement? You look nowhere near approaching retirement age.

MR. SUTTON: You're very kind. No. It was a difficult decision. I've enjoyed my tenure immensely. It's been just a wonderful opportunity for me, and we've achieved some wonderful things, maybe not very splashy at times, but we've achieved some really, really good things. It was for a five-year appointment, and I committed to that, but I think it's time to move on. So I'll be leaving with that in mind, but I leave with great thoughts, great hopes, and great memories.

DR. PANNU: Thank you. You do have our best wishes on your retirement plans.

On the issue of staffing you said that you have 21 now. What categories are there? There would be, obviously, some support staff, but do you have people who work on cases? I don't know the structure of the staff, you know, what kind of people.

MR. SUTTON: I do have my support staff, but the main body is my investigative staff, which would include the actual investigators, the analyst, my legal person, and stuff like that. We don't have portfolio officers per se.

Each of my staff takes a variety of different disciplines and does the investigations on those. It's worked well. We videoconference every week with my Calgary office and my office here and do case conferencing and discussing of issues and whatnot, and it's worked out very well.

DR. PANNU: I should have read your annual report, and that would have perhaps meant I wouldn't be asking this question. How many complaints on the average does the office get, and has that number been increasing with the schedules for different professions being put in place or announced?

MR. SUTTON: We have been on a decline probably for the last two or three years, but of late we've seen a significant increase. I brought just a little chart, because it is of concern. With our written complaints in the last nine months we've seen something like a 48 percent increase. I can't explain it. It's just been a significant jump. We've always worked in peaks and valleys. It's up and it's down. It's very seldom a flat one. But to answer your question, we will receive anywhere from 5,000 to 7,000 calls a year. I think actually last year was down significantly. I'll just refer to some numbers here for you. The complaints we received last year were 5,245, and the written complaints were 552.

DR. PANNU: I see. How many of these were written jurisdictional complaints? Is that 500 and something?

MR. SUTTON: Yes, those are jurisdictional complaints. We did 266 formal investigations out of those ones. Four hundred and fifty-nine of the 552 were jurisdictional to us.

DR. PANNU: Now, with the schedules for all the 28 professions coming on-line, do you expect to increase the numbers of your staff sort of in a circular way? All categories will go up? It'll impact particular kinds of investigators?

MR. SUTTON: I think the whole health issue is going to impact greatly. Exactly to what extent I don't know. There's not a lot of historical data to draw from. I've looked at other jurisdictions and whatnot, tried to position myself to what to expect. With our professional bodies that are onstream now, we've received a few, but again the knowledge of the complaint process is not fully there, and it's something that we're working on. As well, we've gone beyond government now into professional bodies such as the accounting profession, the forestry profession, and whatnot. We are starting to see a bit of trickle from there, and I expect that to increase. So in answer to your question, I think generally it will increase. I'm not looking at one specific health profession to supercede another though.

11:35

DR. PANNU: In terms of the office's ability to retain its staff, do you run into any difficulties, or do you have very stable . . .

MR. SUTTON: No, I don't have a problem in retaining my staff. I have made some changes this year, some difficult changes but ones that had to be done. But the short answer to that question is no. I have a nice place to work.

DR. PANNU: Thank you.

THE DEPUTY CHAIR: Ms Blakeman.

MS BLAKEMAN: Thanks. I have four questions. Do you want me to give them to you one at a time . . .

MR. SUTTON: Please.

MS BLAKEMAN: . . . or all at once? One at a time. Okay.

I'm not familiar with the Hay system, and you've referred to it a couple of times as partial explanation for your increased cost in staffing. If I can get a reasonably short answer.

MR. SUTTON: It's a government employee classification system. People are classified as to the work they do, that sort of thing, and then their remuneration is based on that classification.

MS BLAKEMAN: I'm familiar with that.

MR. SUTTON: That's all it is. They came in and they said: "We're going to do a new classification system. It's called the Hay system. It more adequately reflects what your people do in your office." The end result was: you'll pay your people a little bit more money.

MS BLAKEMAN: Okay. Thanks.

I'm looking and there is absolutely no money in the capital, fixed assets, budget running from 2001-02 all the way through to 2005-2006.

MR. SUTTON: Okay. I'm going to have to ask for help from my financial person on that one.

MS BLAKEMAN: Does someone else pay for it? That's a long time span.

MS WATSON: Basically, our office differs from the Auditor General's in how we classify a capital asset. In other words, we follow the government rules and regulations. A fixed asset is \$15,000 or over, and anything that we buy generally is not more than \$15,000.

MS BLAKEMAN: You're expensing it out in the year you incur it.

MS WATSON: Right.

MS BLAKEMAN: Okay. Thank you.

You have three decreases when I look at them both from the comparable 2002-03 budget and the actual to the forecast, and I'm wondering the reason for that. I'll list them for you. You're going down in the payments to contract employees. Your budget was \$118,500; your comparable is \$118,500. You're looking at \$109,000 for next year. The next example is travel expenses, \$65,900, significantly less than your actual, but you're looking to go down to \$61,200. The third example there is \$39,000 in the budget for contract services, going down to \$34,400. So if you could give me an explanation for those three decreases.

MR. SUTTON: Well, I'll let Dixie respond to those. I could give you an explanation for two, but she can give you the explanation for all three of them.

MS WATSON: Okay. The payment to contract employees is the Ombudsman, who's usually got a contract. Historically, when this committee hires a new Ombudsman, they hire them at a lower rate than the Ombudsman that's leaving. So we have budgeted in that item there.

In terms of travel you're looking at the budget for 2002-2003?

MS BLAKEMAN: It's \$65,900, and for the 2003-04 budget you're looking at \$61,200, so you're looking at going down.

MS WATSON: Yes, we are. We base it on our actual. If we hire new staff, we will need those moneys for travel. We'll have more people traveling.

MR. SUTTON: That's why it's higher than the actual itself, but it's just based on historical.

MS BLAKEMAN: Okay. So that figure is connected to your additional staff that you're anticipating for the RHAs.

MR. SUTTON: Yes.

MS BLAKEMAN: Okay. Fine.

The last one was contract services. Again you were budgeted at \$39,000; your actual was \$33,000. So you're up from your actual but down from your budget. Is that again the additional staff?

MS WATSON: Part of it is additional staff. Part of it is that some contract services are going up. This is where we are charged by Alberta Corporate Service Centre for work they perform. Some of these downloaded costs from government come at us. We have no warning. We don't always know. We give you what we think is our best estimate of what they will be.

MS BLAKEMAN: Okay. Thanks.

THE DEPUTY CHAIR: Mrs. O'Neill.

MRS. O'NEILL: Yes. Thank you, Mr. Chairman. I'm on your report, pages 16 and 17. Just with respect to the oral and written complaints and how you redirect ones that are not in your jurisdiction, could you tell me what would be examples of other jurisdictions where you would refer the appeals to?

MR. SUTTON: We pride ourselves in being that entity that someone who's got a problem can go to and at least find out where they can go and talk to somebody that does it. Examples would be federal jurisdictional issues; complaints against police, for example; multitudes of different strange complaints. We pride ourselves in being that clearing house and saying: this is the person you go to; this is the place you go to, and this is the person you talk to. So those types of examples.

MRS. O'NEILL: So external to provincial government?

MR. SUTTON: External to what is jurisdictional to my office.

MRS. O'NEILL: Thank you.

MS BLAKEMAN: That was quick.

I'm basically on the same subject. I'm glad to see under your strategies that you're looking at increasing "opportunities for the public to meet with the Ombudsman," because this is the area we see most from our office, and I'm sure you guys do too. People don't get it. They don't understand what the Ombudsman does, and if they're unhappy with a ruling or a service from government and they want something different, then they tend to think that's where they're going, and it's a long time on the phone to explain that that's not appropriate. So maybe if you've got the time to expand a bit on what you were looking to do or what you're suggesting to a successor to flesh out this strategy a bit.

MR. SUTTON: Well, I guess the strategy that I've taken is to really identify where you're going to get the biggest impact, and one of the strategies was from the MLA offices and meeting with the front-end staff of those offices and saying: "This is who I am. Here's some literature, that sort of thing. When you have a problem that you can no longer deal with or your member can no longer deal with, pass it along."

Another is meeting with groups. Educational groups, school groups, whatever group that will have me I will go and talk to. Going through, for example, and meeting with all of the citizen appeal panels within the province – so 32 citizen appeal panels – discussing the role and function. I think that my successor should be very active in the public field in explaining the role. It's a wonderful institution, and it should be promoted more and more. The understanding is not where I would like it to be. I think it's better than what it was five years ago, but it's still nowhere near where it should be.

MS BLAKEMAN: Okay. Thanks.

THE DEPUTY CHAIR: Any further questions?

Are there a few words you'd like to sum up in, Mr. Sutton?

MR. SUTTON: No. I'd just like to reiterate that I've had a wonderful opportunity. The committee has been extremely good to me, and I appreciate that very much. I think that we've developed a certain level of trust and confidence, and that's very important. This is a wonderful institution, one that should keep growing stronger, whatever we can do. It gives those people, the small people, in our jurisdiction that opportunity. As I mentioned in my report, it's very heartening for me to know that not only do people have a place to go to, but when they do go there, somebody does listen, and there are some changes made.

On that I'll leave you. Again, I thank you for your support in the last few years. I appreciate it very much.

THE DEPUTY CHAIR: Thank you. On behalf of the committee I'd certainly like to thank you, Mr. Sutton, for your five years of devoted service to the people of Alberta. We wish you the very best in your retirement plans. I know you haven't shared with me what you plan on doing, but I certainly do hope that it will be with all the best intentions for you and your family. As we're into the Christmas festive season, I'd like to wish you and your staff a very Merry Christmas on behalf of the committee and the best of times over the holiday season.

12:40

MR. SUTTON: Thank you very much, and the same to all you committee members. The best of the season to you.

THE DEPUTY CHAIR: Now we have the opportunity to have lunch.

MR. SUTTON: And I have the opportunity, Mr. Chair, to say that that seems like a rather extravagant spread that you have out there.

THE DEPUTY CHAIR: I think he's just trying to get even.

For all the members that weren't aware, all of the officers of the leg. offices will be joining us for lunch today.

[The committee adjourned from 11:46 a.m. to 12:34 p.m.]

THE DEPUTY CHAIR: [Not recorded] . . . best to go around and introduce ourselves, or do you know everyone here quite well? Maybe a little too well?

MR. CLARK: I wouldn't say that. Methinks not.

THE DEPUTY CHAIR: The floor is yours, sir.

MR. CLARK: Thank you, Mr. Chairman, and thanks for this opportunity. I appreciate your scheduling me at this time, because we have electoral boundaries hearings going on over at the Ramada. When I left, Mary O'Neill's constituency association was telling us what we might have done, and then we had Edmonton-Gold Bar coming in, John Szumlas. I've heard John's melodious tones several times, so I thought I could forego that. Bauni Mackay was chairing when I left.

Mr. Chairman, I'd like to go over the highlights of last year, some general comments as far as this year is concerned, and then a few comments as far as changes in the budget are concerned. This being the last opportunity I have to speak to you, there are two or three things I'd like to raise with you, things that I feel more comfortable raising with you now than if I were here asking for a budget that what I'm going to talk about will impact. I know that you on occasions feel that I step out of the realm of what I should be doing sometimes, and this will be likely the last occasion when I'll have that opportunity, so I'd very much like to do that.

At the outset, I'm sure you all know that Karen South's father passed away, and the funeral is as we speak now. Karen asked me to express her regrets to you for not being here. I said: Karen, for goodness' sakes. But that's Karen. She asked me to express her regrets, and I told her that I was sure there was no need. He was in very good health until three or four months ago. They thought he had a little stroke, and it was cancer. Anyway, not a nice way to start Christmas.

As far as the highlights are concerned for this year and just pulling a few things together, in addition to meeting with each of the MLAs, as you know, we also meet with the 73 senior officials of the Alberta government. That includes all the deputy ministers; the members of the EUB; the WCB people, the appeal officers; the Children's Advocate: a number of people like that. There were 75 additional people. I only raise that with you to remind you of the scope of the office. Now, Alberta is the only province in Canada where that approach is taken. Of course, there's not public disclosure with those folks. If you have an issue, you raise it with the individual, then with the minister. Then if it ended up being a serious problem, you'd take it to the Premier or you'd include it in the report. I've not had to do that.

The second point I want to make is that last year I told you that we would be doing a new folder for the office. The preliminary work is all done, Mr. Chairman, but given my departure it seemed to me appropriate to wait until after the new commissioner comes on board to conclude that, to put the name and things like that in there.

Karen continues to organize the ethics roundtable; I believe it's once every three months. She's a member of the Ethics

Practitioners' Association of Canada, and we do represent western Canada with that group. She continues to be very active in that area.

We do attend two conferences. One is the Canadian Conflict of Interest Commissioners' meeting. It was in Regina this year. Next year I believe it's in Yellowknife, and I put money in the budget for next year for that. The office continues to be involved with the Council on Governmental Ethics Laws. The conference last year was in Ottawa. I believe, Marlene, you were in Lexington; weren't you? Lexington is a far nicer place to go to for a conference than Ottawa. The conference next year is in San Antonio, Texas. Primarily, the big advantage to that – and your chairman was down this year – is that it brings together people who run elections. It brings together people who do conflict of interest issues. It brings people together who are involved with lobbying stuff. It brings a whole broad group of people together, so you have a chance to see how they do things in other areas.

Two colossal things that jump out at me. One is that, you know, in some states on the eastern seaboard they have what they call a no-cup-of-coffee rule, where a lobbyist can't buy any elected person a cup of coffee. But they have no one to administer it now. It seems to me that it would be impossible to administer anyway. Having said that, the other point is that some of the commissions that work with senior officials have no budget given to them. They basically operate on the fines and the things that they levy in the course of a year to operate. It seems to me that if that's the American way, it's a bit strange. I just brought those two out. There are a lot of contacts that are made, and I really would encourage, Mr. Chairman, that the new commissioner continue to be actively involved in that organization.

12:40

Our web site was launched in July of this year, and it's www.ethicscommissioner.ab.ca. We've had a very good response to it. One of the interesting things is that it's ended up with, I think, more people from the public having a better idea of what the office is all about. That's certainly helpful, because some people look at the name and think, "Well, if I think it's unethical, the commissioner should be doing it." They forget about the conflict of interest legislation itself. So that has really helped.

As far as activities for next year, I've included in the budget the Austin, Texas, and Yellowknife involvement. In the budget, and perhaps inappropriately, Mr. Chairman, I'm suggesting another \$20,000 towards the commissioner. That's solely in the hands of you people. There's also the distinct possibility that at the end of this fiscal year there may be some holiday pay for the present commissioner that would come out of next year and a few things like that. It shouldn't be great, but I have done that.

I have indicated to the chair that it's my hope that the committee will have a commissioner in place by the end of March or close after. I am prepared, if you want me to, to carry on after that, but I would very much like it not to be an extended period of time. I do have other things I want to do, and I'd like to be able to do those things and start off certainly at the end of the first half of this year if not earlier. So please help me out there as much as you can.

The administrative support position in our office this year did not work out well. About two months ago I came to the conclusion that it was not a very good situation. I was going to leave it for the next person, but it seemed to me that the right thing to do was to kind of make a change, so I've done that. That's one of the reasons, Mr. Chairman, that the surplus that we're going to be turning back to you this year is not as great as it would ordinarily be, because there was a significant number of weeks of severance pay in there. We expect to turn back a small surplus at the end of this year, but it will not be the amount that we have done in the past.

The arrangement we have with the office of the Information and Privacy Commissioner to look after our accounts and personnel work is working very well, and I really would urge the continuation of that. That's working very, very well for us.

As far as changes in our budget, I've mentioned the \$20,000 that I've added in for the new commissioner's salary. That's totally in your area, of course. This sounds almost inappropriate that there's a modest increase in there for the senior administrator and Karen. Karen's on a five-year contract, and I think there are four years left in that contract. There's a modest increase for her. She and I have discussed this, and she thinks that's appropriate at what she's getting now.

In our budget this year significant adjustments were made for the employee contribution portion. This category has been underfunded in the past.

Based on the year-to-year expenditures, we're reducing the amounts budgeted for most supplies and services categories. You'll notice that there is an increased cost relating to the commissioner's vehicle. That doesn't mean the commissioner has had an accident; it just means that the rates are going up. That's certainly been increasing. Supplies and services have been increased to allow for the purchase of computer hardware as needed, as certain warranties will expire in the year 2002-2003.

So the big issue is the \$20,000 I've put in. The rest of the budget is pretty well what it's been for the past several years. I think there may be a modest surplus at the end of this year, but it'll be very modest.

THE DEPUTY CHAIR: Yes, Ms Blakeman.

MS BLAKEMAN: Thank you. That was a good overview and answered a number of my questions already.

The question that's remaining is the reduction in contract services. Now, that I don't think I heard you talk about. We're going from \$68,000 in the 2002-2003 estimate down to \$60,000, so that's a drop of \$8,000, which is significant against \$68,000.

MR. CLARK: What we use that contract services for is if we become involved in an investigation or a number of investigations. If we need legal services, there's a lawyer we've used several times in the Information and Privacy Commissioner's office. Also, as I've told you on other occasions, I use outside legal counsel, David Jones, from De Villars Jones, who has been excellent. So in the past those are the two prime areas for contract services. If there was a big investigation, Laurie, you might have to come back and get additional resources there, but it's primarily been for legal services in the past. It's based really on what the expenditures have been the last two or three years. That's why we cut the \$8,000 out.

MS BLAKEMAN: Oh, I see. But you're estimating to spend \$68,000 in the current year.

MR. CLARK: I've got that wrong; I'm sorry. We have been short in this area, not this year but last year. So we moved some money around last year, and we had \$60,000.

MS BLAKEMAN: Okay.

MR. CLARK: With the new commissioner coming on, he may choose to want to take some time with outside legal counsel and so on to become much more familiar with what's going on in the act or how the act functions and so on. It's for that reason, Laurie. I'm sorry; I had that mixed up. So it's an optional thing that the new

commissioner uses for contract services. I've used it primarily for legal services.

MS BLAKEMAN: Okay. And you're not anticipating that it would be used in this coming fiscal year, then, because you've dropped \$8,000 out of it. So you're expecting – okay. Thanks.

MR. CLARK: You see, contract services is \$68,000 this year.

MS BLAKEMAN: Yes.

MR. CLARK: I'm suggesting \$60,000 next year.

MS BLAKEMAN: Right. A drop of \$8,000.

MR. CLARK: A drop of \$8,000. So I was right the first time; wasn't I?

MS BLAKEMAN: Yes.

MR. CLARK: I'm sorry about that.

MS BLAKEMAN: It's okay.

MR. CLARK: I'm sorry about that, because we spent quite a bit of time talking about what kind of outside legal services might the new commissioner want. We haven't spent all that, but he may very well want, you know, to get some outside services. It's in my view inappropriate for the commissioner to get legal advice from the Justice department, so that's why we've gone outside. Lisa Wilde is the lawyer over in IPC that we've used for some occasions, but if we go to outside counsel, it's always been David Jones.

MS BLAKEMAN: Thank you.

MR. CLARK: Sorry for the confusion there.

THE DEPUTY CHAIR: Mary.

MRS. O'NEILL: Thank you, Mr. Chairman. I wanted to ask you, Mr. Clark: are you satisfied now, with the budget you're presenting us for '03-04, that you have reconciled the carving out of the information and privacy issues?

MR. CLARK: Yes. In fact, thanks for raising that, Mary, because last year, I believe, the acting chairman had raised that matter with us. Based on the year's experience – and I had the Auditor General go through the review with us – I'm satisfied that this is the best way of doing this. It's just impossible for us to have someone in our office who's got a good handle on the expense stuff and also the human resources. We pay so much a quarter to the Information and Privacy Commissioner's office to have those people available.

The other area where we pay that office. They're computer experts. They help us with the web site, for example. Some of the money we spent this year in developing the web site went to that office because we used their expertise. So we use their services, it seems to me, in three areas. One is computer services, backup and help there. The other is in the area of finances, and the third is in the area of human resources. When I made the change I mentioned, too, as far as reception was concerned, the human resource person from the Information and Privacy Commissioner's office was tremendously helpful.

THE DEPUTY CHAIR: Any further questions? Mr. Tannas.

MR. TANNAS: Right. Bob, just a small one. You just mentioned that you spent some money with this one with, say, the Privacy Commissioner. Do you receive any revenues like that for your helping back and forth? Or is this something that . . .

MR. CLARK: No. And I guess we wouldn't receive it, darn it, Don. The way the government operates, I think it would go to general revenue funds; wouldn't it?

MR. TANNAS: That's what I was wondering. So, you know, if you were to receive something, then it would go straight to the general revenue fund.

12:50

MR. CLARK: It may do. I don't know. On income, I think that's the case law. I could be corrected, Don, but I know we do pay the Information and Privacy Commissioner's people. We get a bill from them every quarter.

MR. TANNAS: Okay. Thank you.

MR. CLARK: It's not much money.

MR. FRIEDEL: So it would be like contracted services, basically.

MR. CLARK: Exactly. In fact, we have a signed contract with them, and the amount is set for how many hours and so on.

THE DEPUTY CHAIR: Ms Graham.

MS GRAHAM: Thank you, Mr. Chairman. I hope you won't think I'm being impertinent, but would you mind just elaborating a bit on the allowance for increased salary? I'm just trying to think back to, I guess, when we renegotiated your contract, and maybe you could just enlighten us on that.

MR. CLARK: Would you mind, Mr. Chairman, if I moved into that area? It's kind of part of my comments because they would kind of flow, I think.

THE DEPUTY CHAIR: Not a problem, sir.

MR. CLARK: I think one of the most difficult parts of being a leg. officer is dealing with this question of salaries. I know you've just dealt with it as far as the Auditor General is concerned and the Information and Privacy Commissioner, and my comments don't reflect in that area at all. But if you look across Canada at other Ethics Commissioners, we're not too bad. Certainly the Chief Electoral Officer in Alberta gets, well, in the mid \$90s. The Chief Electoral Officer in Saskatchewan gets \$111,000. The Chief Electoral Officer in British Columbia gets \$168,000. The Ombudsman situation is somewhat comparable. There are some real inequities there, in my view.

They've not asked me to raise this matter with them because I had real problems with this area several years ago until Peter Valentine, as the Auditor General then, was asked by the chair of the committee to look at the responsibility of the five leg. officers and then come back with some recommendations as to what would be reasonable compensation. I know I found that tremendously helpful when I was the Information and Privacy Commissioner and the Ethics Commissioner. I may be biased there because my salary went up

about \$40,000, but I think there's a need for some overview done by someone other than the four or five commissioners. When you raise it, quite frankly, as a commissioner, you're really seen as looking after your own backside. The former Auditor General did, I think, a very good job. I question how well it was done as far as the Chief Electoral Officer is concerned and the Ombudsman, but it is a big step in the right direction.

What I would propose to you, Mr. Chairman – and it may be totally inappropriate – is that you peg these jobs at something comparable to the average deputy minister. Then in the Ethics Commissioner's case it seems to me it's about three-quarters or two-thirds of time, so you deal with that accordingly. But it seems to me that the other two positions are dealing with pretty senior people. I mean, the Ombudsman is dealing with deputy minister people when he makes his recommendations and deals with those matters.

Certainly the Chief Electoral Officer has the responsibility of running the elections in the province, one of the most important functions in the province. Now, you can say that there's not a lot to do during the one or two years right after the election, but then we all want everything absolutely straight and appropriate for after the election. As far as I'm concerned, Marlene, the comparison that I see is that I'm comparable to the other Ethics Commissioners across the provinces, but the scope of what we do in Alberta is quite a bit broader because of the senior officials thing. It isn't appropriate, though, to compare to Ontario, because the Ontario commissioner also does the lobbying legislation there. I think it's important to kind of keep in contact with those, but I would urge you to tie it to something. I know the last time Mr. Valentine raised this with the chair, he was suggesting that it be tied to some level of members of the judiciary, and I don't think that flew anyplace, to be quite frank.

So that's my approach. I'm making it to you because I have nothing to gain from it myself. It's hard for you people, too, to deal with the leg. officers. If you had kind of a base and you said, "Look; it's in the middle of deputy ministers," and then the Ethics Commissioner is, in my view, three-quarters to two-thirds, you can adjust it that way. I hope that's not too impertinent, Marlene, but that's my take on it.

MS GRAHAM: I'm just trying to recall when that salary was asked about.

MR. CLARK: I think it's about 93. That's where it is.

MS GRAHAM: Right. I'm just trying to think back now. When that figure was chosen, I think we were, of course, looking at separating the office for the first time.

MR. CLARK: And it was going to be reviewed after a year.

MS GRAHAM: Right.

MR. CLARK: I think if it were up a little bit, it would be helpful. I think a good time to think about that is really during the time you're hiring a new commissioner, so that you've been through that process before rather than after.

MS GRAHAM: All right. That's helpful. Thank you.

MR. CLARK: Could I talk about one other area? Denis, I should have talked to you about this before; I apologize. But I do have a real concern about this office of the Metis ombudsman. The kind of contact that's been made with my office is that this person is going to kind of be the ethics commissioner, the information and privacy

commissioner, and I guess the auditor general for the Metis settlements. As far as I can see, there's no legislative basis for that, and I really think it's going to lead to an awful lot of confusion. I only had one discussion, but I got the sense that they want to use the services of at least my office on the ethics side of stuff to work in that area. I just think it'll lead to a lot of confusion and some very serious problems if you don't think this through very, very, very seriously.

We deal with an awful lot of matters that are confidential and personal, and I think in no way do we want to run the risk of losing the kind of confidence that there is in the office that the officer will keep his mouth shut and is not being quoted or misquoted in any other area where it's working. So I really would ask you to be very conscious of that. I wasn't involved in the decision at all. I didn't expect to be. But it is something that has raised its head in the last little while, and I think it's something that we really need to keep a handle on.

THE DEPUTY CHAIR: I'll answer to those comments because I was one of the individuals that was on the selection committee to hire that individual. Back in 1999 there was a committee that was struck from the department of intergovernmental and aboriginal affairs, at that time, to review the role and the mandate of the Metis Settlements Appeal Tribunal. Following that report there was a recommendation that there should be a conduct adviser type of position that would be established to oversee the Metis settlements, where the settlement members would be able to bring forward their concerns.

Following consultation that went back to the Metis settlements after the report had been made public, the settlement members didn't, I guess, really appreciate the words "conduct adviser." It brought back a lot of, you know, bad feelings from the past. So it was their decision at that time. It was brought forward to the minister, and the minister agreed that, yes, we could possibly use the term "ombudsman." But it is a situation where I don't foresee the role of that individual going to the extent that you think it may.

Presently there is work that is being done. It is public now as to who that individual is, the individual that has been hired to work through the Metis settlements and through the minister of aboriginal affairs, the former Ombudsman for the province of Alberta, Mr. Harley Johnson. So he is presently working in terms of setting up the scope, et cetera, and the guidelines.

I don't see that office – and I've been asked by the minister to oversee the establishment, et cetera, of that position – in any way jeopardizing any of our leg. officers' situations. What we saw, basically, at the time when we used the term "conduct adviser" was that it would follow through the same process. If individuals felt that they had been done wrong by, they would still use the services of the Provincial Ombudsman, as an example. So I don't see anything at this point in time that would be in contravention or overstepping the boundaries in that we're setting up another office.

MR. CLARK: I think it might be helpful to talk to some of the other leg. officers just about that and have that clearly understood. I may be speaking out of turn, but that's the sense I have.

THE DEPUTY CHAIR: In having spoken to Mr. Johnson, he's basically going to be trying to establish an advisory committee, and I think at that time he was hoping in terms of possibly asking that some of the leg. offices people be able to assist him in establishing what he wants to do. So I would think that that situation will get cleared up in due course.

1:00

MR. CLARK: The last thing I'd like to say to you is that it's been my great honour to be the commissioner for 11 years. I regard myself as one of the most fortunate people. Not many people get a chance to establish an office and then get the chance to stick with it and be involved in it for 11 years. I know that in this job you're as good as your last decision, and I've still got three months left. Then, of course, on March 1 the electoral boundaries report will be out, so none of you may want to talk to me after that. But I want to say that despite the comments I made on the salary thing and on the Ombudsman thing, it's been a real privilege to serve the Legislative Assembly of Alberta through this committee. I regard myself as extremely fortunate.

I'm not going to sit back and not do anything. I want to work part-time. I want to be able to be at home with my family, my wife; we have three little grandkids that live two miles away. My golf game needs a little help, and I've got a green thumb. I live on seven acres of land right next to the golf course. I do want to do a bit of consulting work – I've got some opportunities – or a bit of board work. I have tremendously strong feelings in the area of professions, that if the professions in our province or in this country don't take their responsibility of serving the public far more seriously than they do now, they're going to end up not being self-governing professions any further.

I look at – I won't mention any profession, because there are a lawyer and an accountant and schoolteachers. I picked those three up, but I'm sure there are others. I'd like to be able to, Denis, on occasions kind of say to self-governing professions: "You know, I think you've got real concerns here. You'd better refocus. You'd better get on the right side of the wave, because if you don't take your responsibility of serving the public – it's your responsibility to serve the public before it is your responsibility to serve your members." I think professions have lost that. So that's an area that I have a few pet peeves in. As a volunteer I'd like to try and do some work in that area.

So it's been a real honour to work with you. I enjoyed it very much, and I regard myself as singularly honoured to have had this challenge for 11 years. Thank you very much.

THE DEPUTY CHAIR: I have another speaker on the speakers list. Mr. Friedel.

MR. FRIEDEL: Thanks, Denis. You shouldn't have given us the opening that we can now reserve judgment on your good works for another few months. I was sort of waiting to see the outcome of the electoral boundaries review.

MR. CLARK: So were a lot of people.

MR. FRIEDEL: This issue of the salaries, being as I was probably significantly responsible for suggesting that we look at the salary of the Ethics Commissioner after it had sort of evolved to see how much different it would be as it was separated from the FOIP Commissioner, as well – now, I don't know, and I'm presuming that at this meeting we wouldn't be coming up with a system, but I do like the idea of tying it to something. If it's the deputy minister's salary, probably each office could be looked at, saying: how is it relevant? There might be a factor built into it. But, first of all, do any of the other provinces do anything like that?

MR. CLARK: I know that in Ontario they tie it to a member of the bench. In Saskatchewan I don't honestly know how they do it. In British Columbia: no, I really don't. It's very much like this across

the country. It is an issue that we've talked about as legislative officers. It's a very thorny issue. How do you kind of deal with your own salary with a committee that you deal with and try not to be impertinent, on one hand, yet try and be responsible, on the other hand?

MR. FRIEDEL: Having sat on this committee for over nine years, I know it's got to be uncomfortable for an individual to come and negotiate with a committee for his or her own salary. I always feel a little uncomfortable, too, on the committee. First of all, I'm not sure that we really have all the information that the PAO has when we're dealing with salaries, nor as a committee do we collectively have the expertise to do that. So I'd like to suggest that maybe we do look at some kind of formula-based, you know, something that ties into what would be normal reviews. I mean, the commissioners' offices are tied to the deputy ministers' office in a number of ways already; are they not?

MR. CLARK: Yes, they are. If you tie it in some way like that, then it gets away from the yearly review, because basically what happens to deputy ministers' salaries then happens to commissioners' salaries. At least, I think there's something to be said for that.

MR. FRIEDEL: Then the committee isn't put on the spot. Like, I've always kind of felt that we were put on the spot when we had to do this. Like I say, from your end I'm sure you're uncomfortable with it. Not by any stretch of the imagination am I happy to see you go. As a matter of fact, I was very disappointed when I heard that you were leaving. But, I mean, just the fact that you're not in the position of doing it for yourself makes even this conversation a little bit easier. It tends to get a little bit personal. I don't think we've ever been in a situation where after making a negative call on a budget, we've had to go to a commissioner's office and be on the receiving end of maybe what could be chastising, but a person would hope that it never really gets to that.

MR. CLARK: I would hope that, too, Gary.

MR. FRIEDEL: So I don't know if there's a place to make a recommendation, but it's maybe something we should sit down and look at specifically.

Now, the only other thing is that I would suspect that the Auditor General might be a little different in the fact that his profession is prescribed.

MR. CLARK: I think there's a tie there; isn't there? I assumed that.

MR. FRIEDEL: Well, I don't think there's a tie, but we've done it in terms of what is the salary for that background with, you know, the amount of experience. So it might have to be unique. I don't know if there's a way of maybe getting this into a mode where we would actually address it.

MS BLAKEMAN: Not specific to whether the committee is capable of making the recommendations – I'm sure we can – I did want to point out, though, that this exact situation is faced by every agency in the nonprofit sector. That's exactly what happens. The head of the United Way has to go back to their board. Anyone that works for a board in the private, nonprofit sector, that's exactly what they have to do; you know, every artistic director of every theatre, the head of the opera, the ballet, United Way, City Centre Church Corporation. That's exactly how it works. So it's not unusual, but certainly if we're going to consider this, we might want to go and

consult with some of them to see how they do it, whether they tie it to something out there, as is being suggested. I mean, I think it's probably a good idea to tie it somewhere because it does take the guesswork out of it and makes it a bit more accountable in how it moves. This is not a unique situation in the world by any means.

MR. FRIEDEL: If I might, though. There is a significant difference in a lot of those others. I'm not going to suggest in every case, but where you have a management board, they probably have the authority to hire and fire the director, whoever the senior person is. We have a slightly different situation here in that we are a liaison committee on behalf of the Legislative Assembly. We make recommendations. Those recommendations could be either accepted or changed. We certainly would not have the authority to dismiss a commissioner. Actually, we don't have the authority to hire him. We just make the recommendation. So I think there is a difference. The level of responsibility, the level of accountability is different.

MS BLAKEMAN: Most boards would have a personnel committee which would provide exactly the same function that you're describing.

THE DEPUTY CHAIR: Well, we also have that same function. The committee, as the selection committee that's going to be going forward for two of the officers, also has that opportunity, and I guess maybe I'd just probably at this point in time say that we could take this under advisement and pass the recommendation over to the selection committee as we go forward with other searches for individuals to replace the Leg. officers.

Are there any further comments?

MRS. O'NEILL: Mr. Chairman, may I just add that perhaps we should do a consideration with respect to not just punting it or referring it to that committee, but it might be a topic that we would want to discuss at this table at some time with the full complement.

1:10

THE DEPUTY CHAIR: Don.

MR. TANNAS: Thank you, Mr. Chairman. Just reflecting on this topic that's been going on, I well remember that in my first term on this committee, which was '89 to '93, that very same thing came up, and the suggestion was there. I honestly don't remember what happened to it, but you span the intermediate years between then and now, and maybe you've seen it, Gary.

Having said that, I'd say that I was here when you were hired and was pleased at that appointment, and I'm now disappointed that you're leaving, but I wish you well. We hope to see you again. Don't be a stranger. Thank you.

MR. CLARK: Thank you.

DR. PANNU: Mr. Chairman, I just want to I guess in a sense reiterate what has been said. My first experience in participating in a decision to determine the salary of the Ethics Commissioner when the job was made smaller than it was before came about a year ago, when this decision was made. I was uncomfortable. At least, I felt that whatever level of salary we were to determine to be appropriate for the new position, my own personal feeling was arbitrary. I didn't have any reference points. As a result, I felt uncomfortable simply arbitrarily determining what should be the amount that would be appropriate. So I guess it is important for us to at least visit this issue as a committee not only for this position but other offices as

well. Hopefully, we'll come to some sort of consensus, you know, on how to proceed, what to do, how to give ourselves some sort of reference points.

In the study I think we should not only suggest a reference to perhaps deputy ministers. That, I guess, is the view that the present commissioner presented as his feeling about it. I think what we might do is look at other Legislatures to see how they deal with the issue as well. In examining the issue, we shouldn't foreclose on some other possibilities in terms of seeking information and sources of information. We should do a sort of comparison of how other jurisdictions work and whether there's something that we want to learn from those. We may have to devise our own wheel, you know. If that's the case, so be it. But as a committee I think we do need to address this issue for our own sake and for the sake of the offices of the Assembly so that we all feel comfortable about the decisions that we make.

MR. CLARK: When you're doing that review, Raj, it's very important to kind of get the idiosyncracies between each province.

DR. PANNU: Yes. Indeed.

MR. CLARK: B.C. has one situation. The Information and Privacy Commissioner has now some added scope of lobbying legislation. You get in Ontario a different situation. In Quebec the commissioner is tied to a member of the bench, I believe, but his role is quite a bit different. Then in a couple of Atlantic provinces they're supernumerary judges, so it's part of their responsibility.

DR. PANNU: In B.C., for example, that's the case.

MR. CLARK: Yes, it is. Yes.

DR. PANNU: I met the gentleman, actually, at that meeting, at COGEL.

MR. CLARK: I believe he's just been reappointed, if I'm not mistaken.

DR. PANNU: Yes, he's just been reappointed. He's 83, by the way.

THE DEPUTY CHAIR: If I can just interject here for a moment. I think the committee members have expressed a lot of different points on this issue. I guess maybe we could just direct Karen to, you know, start the steps in terms of research to bring it forward to a future meeting.

Are there any other questions pertaining to the budget?

Mr. Clark, I'd like to thank you so very, very much on behalf of the committee and all the previous members for the great service that you did on behalf of the citizens of Alberta, and we wish you all the very, very best in your retirement. As we're nearing the Christmas season, we wish a very Merry Christmas to you and your family and to your staff and the best of the holiday season. Thank you.

MR. CLARK: Thank you very, very much. Have a good Christmas. Don't worry about those boundaries.

THE DEPUTY CHAIR: On behalf of the committee I'd certainly like to welcome our Chief Electoral Officer, Mr. Brian Fjeldheim; Mr. Bill Sage, the Deputy Chief Electoral Officer; and Mr. Glen Resler, the director of registrations and financial operations. Maybe we can go around and introduce ourselves. Maybe not everyone is familiar with each other. So I'll get you to start if I may.

MS BLAKEMAN: Welcome to the amazing constituency of Edmonton-Centre, of which I'm honored to be the MLA. My name is Laurie Blakeman.

MR. TANNAS: Don Tannas from Highwood.

THE DEPUTY CHAIR: Denis Ducharme, MLA for Bonnyville-Cold Lake and acting as your chair today. As you're maybe not aware, our chair, Janis Tarchuk, had a death in the family and is unable to be here today. So I will try my utmost to represent her well.

MRS. O'NEILL: Mary O'Neill, St. Albert.

MR. FRIEDEL: Gary Friedel, from Peace River.

MS GRAHAM: Marlene Graham, Calgary-Lougheed.

DR. PANNU: Raj Pannu, Edmonton-Strathcona. I had the pleasure of attending a conference in Ottawa with the commissioner, so I got to know him even better there.

MRS. FRITZ: Yvonne Fritz, Calgary-Cross. Good to see you.

DR. TAFT: Kevin Taft, Edmonton-Riverview.

[Mr. Fjeldheim, Mr. Resler, Mr. Sage, and Mrs. Sawchuk, committee clerk, introduced themselves]

1:20

THE DEPUTY CHAIR: The floor is yours, Brian.

MR. FJELDHEIM: Well, thank you very much. It's nice to be here, and season's greetings to everyone. I'm sure you're all looking forward to a bit of a break from the hectic schedule I know that you all have.

You know Bill, of course, the deputy. Bill has been in the office since 1978, so he knows the ins and outs. You'll notice that he's dressed appropriately with a Christmas tie, and he can show you his socks later. Glen, of course, has been with us – what? – three years?

MR. RESLER: Three years.

MR. FJELDHEIM: Three years. Exciting; isn't it?

MR. RESLER: Excellent.

MR. FJELDHEIM: Well, I want to thank the committee, first of all, for the support we've received over the past year. We conducted one by-election in the electoral division of Wainwright. We were able to assess the effectiveness of some of the administrative enhancements that we've been working on in the office in that by-election. Two particularly effective and well-received improvements that we feel have been made have been the preprinted poll book, which already has the names of those people who are registered on the list of electors in the poll book, and increased signage, with the idea that obviously we want to help people as much as possible to ensure that they know where to vote.

These two enhancements were possible within the current legislation. We hope to have some legislative changes that will allow us to make increased enhancements in that election process prior to the next general election, such as registration in the polls to get people on the list; some assistance for disabled voters, for the

blind in particular; access to apartments and gated communities; secure voting provisions; larger print on ballots, something that I'm trying to promote; and so on. That'll be another day's discussion. I just wanted to bring that to your attention, give you a little overview of what we've been doing prior to our getting into the budget.

One challenge I think you're probably aware of has been our continuing journey toward a register of electors that is updated using various data sources. Currently we're limited to receiving vital statistics information, which we used to remove about 11,000 deceased electors from the postelection list that was provided to you in May 2001. The lists of electors that will be distributed to political parties this coming March in accordance with the legislation will be updated the best we can using that data source. That's removing the deceased. Please note that the vital statistics file shows that 26,000 Albertans over the age of 18 passed away in the period that I mentioned. Although we cannot determine how many of those individuals would have been on the list of electors at the time of their passing, we note that the match rate for register revision was about 42 percent. It'll be necessary to confirm the information held in the register to remove any names that should have been removed by this process. Once again, we get the deceased from vital statistics; if it's not a match, they stay on. So the bottom line is that we still have a number of deceased electors on the list, and obviously that's not a good thing.

In April Bill and I made a presentation to the Select Special Freedom of Information and Protection of Privacy Act Review Committee requesting that the legislation be strengthened to direct that other public bodies provide us with data to update our register. You remember that we currently have legislation which allows us to receive information, but there is no requirement for public bodies to give us information, so in our presentation to the FOIP review committee we expressed interest in obtaining records held by health care, motor vehicle registries, seniors' benefits programs, and so on. The committee supported our proposal and will recommend that the Election Act be amended to allow us access to the information that I deem necessary for the purpose of creating and revising the register.

The two main issues of data acquisition, of course, are cost and quality. We'll have to determine down the road whether the data that we get to update the register will be of sufficient accuracy to support campaign teams and election officials and, if so, whether the data can be obtained and integrated in a cost-effective manner.

We'll work through those issues but meanwhile plan to prepare in our office for another door-to-door confirmation for the register of electors, likely in the fall of 2004, to ensure that we meet our legislative requirement of furnishing updated lists during the fourth and fifth years following a general election. At that point, we project that register data will have deteriorated to the point where more substantive updates than the deletion of deceased electors are necessary. The confirmation process will be similar to the activity conducted in August/September of 2000.

I apologize for repeating myself since I've mentioned this before, but it certainly is significant. The process that was done in 2000 was very successful in producing a 95 percent accurate list and was cost-effective: \$3.5 million, \$1.96 per elector, before Elections Canada's contribution. We sold the data to them. That provided all Albertans with an equitable opportunity for inclusion in the list, and of course you're going to hear more about this confirmation process in future meetings. But I will note that this year's budget reflects the move toward increased automation of register updates. It does not include increases that we anticipate will accompany the move to a fully automated register, such as staffing, IT costs, and so on.

This year's IT budget also reflects an increase in the cost of network support, which is now provided by Innovation and Science. This continues to be a very advantageous partnership. For the past year we've paid \$15,000 for the full-time technical support of our server. This cost is rising to \$28,000, just about double, in '03-04 in keeping with the decision made by the deputy minister's committee to move to a usage-based model for the data centres. This will result in a significant impact by '04-05, when our move to a stand-alone server will result in a onetime cost of \$127,000 for hardware and software plus an annual support cost of about \$56,000. These are the types of costs that make it difficult to prepare an accurate long-term projection of business expenses. They're simply out of control but necessary for our ongoing IT operational activities.

I'll highlight two main activities in the IT area, which we'll expand on later in our presentation. One expenditure relates to enhancing the Alberta register of electors system to allow electors to access our Internet site to determine where to vote. If you recall the last election, we had a voter information centre staffed by 25 individuals, who want to move toward a system whereby individuals can, again, log on to the Internet, plug in their address, and it will not only give them their electoral division, which you can now see and have done with a link to the member's site, but also they'll be able to find out where to vote during the next electoral event.

They'll also be able to obtain contact information on candidates and to access unofficial poll-by-poll results on-line at the close of polls on polling day. Our on-line election management system already captures most of the necessary data, but we need to plan to expand the application to allow public entry into this public information. During the last election we answered over 24,000 telephone calls at our voter information centre, many regarding where to vote. Supplying this information on-line would simply increase the hours of availability and offer one more opportunity for electors who wish to obtain this information.

I'm proud to say that the success of our AROES – that's the Alberta register of electors system project – has resulted in other jurisdictions implementing a modified version for their purposes. Our office benefits from this arrangement by receiving any improvements to the system that they make at no cost to us. An example of this is our access to the AROES improvements supported by Elections Northwest Territories, which upgraded the application to the new version of Cold Fusion. I'm not sure what that means, but it's now the industry standard.

1:30

The second major IT expenditure relates to the development of a GIS. That's a geographic information system. As I mentioned last year, we plan to implement a system to facilitate the revision of polling subdivision boundaries as changes occur in electoral division boundaries and within municipal populations. These smart maps would allow us to calculate populations more effectively to ensure that the addresses on the list are always updated and are consistent. We have viewed a GIS development in other jurisdictions, and we were offered this system. I was quite excited about that: free software. But it was constructed on a platform that was time consuming to revise, and the cost for adapting the system would be cost-prohibitive, over \$600,000 to do this. We've contacted Government Services and hope to join in the spatial information system project, which would address most of our geographic information system requirements. This system is truly impressive, and since electoral information would be stored entirely separately from the main system, we feel that the use of their addressing and mapping components would be appropriate as well as cost-effective.

In terms of partnerships I'd like to mention the one that has been

ongoing since '97: the street key web site. As most of you know, it's a web site that provides electoral division information once a rural location or civic address is keyed in. It provides links to contact information to the MLA and has had over 14,000 hits to date. It has had a major update this year, and that's about to go live.

The '02-03 Electoral Boundaries Commission, which I know you're all familiar with, will submit its final report to the Speaker of the Legislative Assembly in March. Once the new boundaries are approved by the Assembly, we are required by legislation to update the register to reflect those boundary changes, and that of course includes preparing polling subdivision maps based on the new electoral divisions and redistributing registered data to assigned electors to newly identified boundaries. Obviously, depending on the boundary commission's report and what's accepted by the Assembly, we have to then reconfigure all of that information into the appropriate electoral division and the appropriate polling subdivision. Those will be the maps and list of electors used to support our next major update to the register of electors. Generally, the task of remapping and redistributing electors is done by former returning officers on a contract basis since they are knowledgeable about their communities and election administration. The cost of the most recent map review was used as a guideline, and a similar expenditure will be required if the map review takes place in this upcoming fiscal year. The actual expenditure, of course, will depend on when the Assembly passes the Electoral Divisions Act.

You will also note that a 9 percent increase to returning officer and election officer fees is contained within this budget. This reflects a salary increase consistent with those throughout the public service. The overall effect would be an increase of \$500,000 to salaries paid during a provincial election. An order in council is required for this to take place, and if you agree to this increase, we will certainly prepare the recommendation for the order in council.

Also, all provincial statutes were renumbered at the beginning of this calendar year, and consequently we'll have to replace the majority of the forms and guides prior to the next election. We plan to economize as much as possible. We use the existing stock. We used that in the Wainwright by-election, and in any future by-elections we'll also do that, but we'll have to be fully stocked and updated for the next general election.

Now, that concludes my overview of the last year's activities and some of the next year's priorities. If you have any questions, I'd be pleased to answer them, and if not, well, I'll proceed right into the budget.

THE DEPUTY CHAIR: Mary.

MRS. O'NEILL: Thank you very much, Mr. Chairman. Mr. Fjeldheim, you have a curious budget when we see the out-years because of the election and the ramp up to the election year. However, having said that, can you help me, please, with a couple of questions. The first question I have is: can you tell me what you anticipate for the door-to-door enumeration, I guess I would call it, and the confirmation process, and are they different?

The second one was with respect to the costs of getting the results being able to be immediately accessed by the public on election day – I think you made reference to that – by the polling stations. I'm throwing this out probably with abandon, but maybe the cost of that might be shared by the media, who have a great interest in getting those results quickly. Or is that crossing over into an area that we have to provide them with? I'm just thinking of the customer, if you will, to that kind of information.

MR. FJELDHEIM: Well, I'll answer the second one first, and it may help with the first one. Hopefully, it will.

MRS. O'NEILL: I have a third one. If I can ask the third question, please, Mr. Chairman, and that was: you made reference to the 9 percent increase, totaling about \$500,000, for – and I missed it. Was it the chief returning officers or the chief electoral – what was it for?

MR. FJELDHEIM: Well, the \$500,000 I can say is not for the Chief Electoral Officer.

MRS. O'NEILL: Pardon me. I meant all the returning officers.

MR. FJELDHEIM: That is for all election officials: returning officers, poll clerks, deputy returning officers, and so on. That would be about, Bill, 13,000 people?

MR. SAGE: Closer to 15,000. Yeah, about 15,000 on polling day and then about 4,500 to 5,000 on the confirmation process, so it's a lot of people.

MR. FJELDHEIM: Half a million dollars is for 20,000 people.

MRS. O'NEILL: All right. Thank you.

MR. FJELDHEIM: The other question about the poll-by-poll results. At the close of the poll on polling day, we put the results on what I call church paper, those rolls that you put down on the tables at church. It's all divided up. Your names are on there, and all the polls are across the top. We're likely still going to be doing that. Also, when that information comes in from the polls, is sent in by the deputy returning officers, that goes on a slip of paper, and that will now go over to someone sitting at a computer desk. They will input that data into a database over the web. That web will be connected to our server, so as that data comes in there – and it'll be updated about every five minutes, I'm told – it will be put on the web. It's already being put into the system at the returning officer's office. So as it comes in from the polls, goes to the returning officer's office, someone is sitting at a desk, at a computer in that office. There's a form on the screen that we've prepared, and they fill in the blanks on that form, and that information again comes right into the main server and then goes on the web. So there will be no increased cost in doing that.

Your comment about the media. I feel that would be difficult to handle because we'd have some people paying for it and some people not and everyone having access to it, so I'm not just sure how that would work.

MRS. O'NEILL: It was a somewhat facetious comment.

MR. FJELDHEIM: The first question, the confirmation cost – help.

MR. SAGE: Do you want me to do it?

MR. FJELDHEIM: Yeah.

MR. SAGE: Okay. We're getting kind of ahead of ourselves, but if you flip to page E in your package, I think it gives you the information you're looking for. As Brian said, we're looking at 2004-2005 to do the confirmation. During April 1, 2004, to March 31, 2005, there is the potential for an election in there, so you see the previous year, the budget that we're looking at this year, jumps from \$1,994,000 to \$13 million. So we're ramping up there to do both projects in the same fiscal year.

MRS. O'NEILL: The cost of an election is one thing, but the door-to-door . . .

MR. SAGE: Yeah. The register of electors, if you look at . . .

MRS. O'NEILL: Oh, it's all under the register of electors. All right.

MR. SAGE: Yeah. If you look at the \$4.5 million – now, there would be other costs of maintaining the register included in that. The actual cost of the confirmation is probably something in the ballpark of 3 and a half million dollars to \$4 million. There are other costs built in there, but to look straight at the cost of enumeration is probably \$4 million, and the balance, the other \$1.4 million, would be register-related costs.

1:40

MRS. O'NEILL: Well, then, Mr. Chairman, may I just quickly ask: if it's \$4 million to do the door-to-door, is anything gained other than accuracy by having all of the electronic lists? What I'm trying to drive at is: will we ever be able to get away from the door-to-door as a cost saving, or is that so intrinsic to making the voters list that we will never be able to get away from it?

MR. SAGE: Eventually our intention is to get away from it. You're always going to have certain door-to-door costs that you'll pick up. If they build a brand-new high rise, well, virtually anywhere that isn't on the list, we would do what we would call a spot enumeration or confirmation to pick those people up.

Yeah, the intent is to get away from the door-to-door confirmation, but that relies, as Brian mentioned earlier, on getting the data from these different sources. Right now all we can take off, you know, are the 11,000 deceased people, and you're taking the change, you know, in people moving into the province, moving within the province. You're getting those data sources at a good quality and at a reasonable cost.

MR. FJELDHEIM: If I can add to that, Mr. Chairman. There's a debate right across Canada on this. The feds don't go door-to-door anymore. That's how we were able to sell our data to them. My opinion is that you can't beat going door-to-door, especially in Edmonton-Centre here, your constituency. You can't beat that, and for those Calgary downtown areas it's the same sort of thing. In rural Alberta perhaps there isn't that great amount of movement. So, again, that debate is going on right across Canada. Some jurisdictions don't go door-knocking anymore. I still feel that's the best.

Now, having said that, it's getting more and more difficult to get into those apartment buildings, in particular, and there are more and more gated communities. It's harder, and as I believe you all know, during a campaign it's getting more difficult to get into those buildings also. People pay a lot of money for security.

I was downtown at an apartment building with a confirmation official. I'm Brian Fjeldheim, the Chief Electoral Officer. The bottom line is: "So what? You're not getting in." You can wave that Election Act in the air till you're blue in the face.

MS BLAKEMAN: And you can leave it in the lobby.

MR. FJELDHEIM: You can leave it in the lobby, yes. So it is getting more and more difficult to go door-to-door.

Having said that, it's still the best system, but we do have to take a look at these other options, and I believe we do have to move towards that. It's just, I believe, the way that things are.

MRS. O'NEILL: Did the feds pay us well enough for that information which actually saved them . . .

MR. FJELDHEIM: It was three-quarters of a million dollars, and not to go into any detail, I'm not sure how successful it was. They had some problems incorporating the data we gave them into their database and so on, so that was that. We got a few dollars. I tried for more.

MRS. O'NEILL: Thank you.

MR. SAGE: If I could add my comment to that, that three-quarters of a million dollars wouldn't show up in that \$5.4 million figure you're looking at there. If we enter into the same arrangements, I mean, there is a possibility that there might be some federal money coming back, but that doesn't show up in that.

MR. FJELDHEIM: Perhaps some members on the committee would like to join me next time we do that negotiating. That would help.

THE DEPUTY CHAIR: Just call.

MR. FJELDHEIM: All right.

THE DEPUTY CHAIR: Ms Blakeman.

MS BLAKEMAN: Thanks. Two questions. The first was on page B. In one of your bullets you note that you're looking for the addition of a human resource consultant under a part-time contract, and I'm wondering why. Is there any prohibition of your taking advantage of the staff with the Legislative Assembly Office?

MR. FJELDHEIM: There's a lady that does work for the freedom of information and protection of privacy commissioner and also for the Ethics Commissioner, and we have contracted with her one day a month. I appreciate that doesn't answer your question. I'm trying to think. Did we look into that, Glen? Do you remember?

MR. RESLER: A lot of our Imagis are accounts payable and human resources. We contract Alberta Finance to do some of that work for us, and human resources is available through that same department. There are differences between legislative offices and departments, and for that reason we went with a consultant that's familiar with the leg. offices for that one day a month.

MS BLAKEMAN: Okay. So that was a particular choice.

New subject. On both pages C and D you show employee contributions along an employee contribution line. In the budget for 2002-2003 there is no corresponding wage, just employee contributions, which I'm taking is your benefits line, your taxes and WCB, CPP, EI, et cetera. Then if we skip to your budget, you're showing a \$1,500 wage budget, \$1,600 in your employee contributions. I've never seen a contribution line like that, and that same phenomenon is repeated on page D, on which you show no wages and no contract employees but each line shows an employee contribution. Help me.

MR. FJELDHEIM: I asked the same question, and Glen will answer it for you too.

MS BLAKEMAN: Okay. Good.

MR. RESLER: For the confirmation and the election programs we pay accidental death and dismemberment insurance for staff, so for our by-elections and also for the election process itself. What we do, because the staffing component changes on a yearly basis with the election/non-election years, is we have it averaged out, and we pay

just over \$1,500 on an annual basis for those staff. So that's why we have benefits showing up without any staff charges. Our staff are paid out through the contract under supplies and services.

MS BLAKEMAN: Okay. Thank you.

THE DEPUTY CHAIR: Mr. Tannas.

MR. TANNAS: Thank you, Mr. Chairman. A couple of questions. One, help me with page B, at the very bottom of the second bullet. Increase based on National Survey of Chief Electoral Officers. The adjustment is based on the salary of the Chief Electoral Officer of the Province of Saskatchewan, which is below the national average. So you're wanting to adjust it to below the national average?

MR. FJELDHEIM: Okay. I'll comment on that if I may. I find it quite difficult to present a salary increase for myself. Having said that, here goes. I've put together some information. I didn't put it in your package; I did not know if you wanted to discuss it at this time or not. After a great deal of thought and discussion I did decide to put a salary increase into this year's budget for myself. Again, I did not put this information in the package. Denis, would you like me to distribute this at this time?

THE DEPUTY CHAIR: Sure.

MR. FJELDHEIM: I took the liberty of putting together some information from across the country. The one sheet that you can see is called the salary survey. The other sheet – and I think we could look at the other sheet perhaps first – shows the population of provinces and territories across Canada, the number of electors that they have, the number of MLAs, and the salary. Now, again I'd like to mention to you that across the country the roles and responsibilities are different. In Quebec, for example, the Chief Electoral Officer is responsible for running municipal elections. I mean, that's obviously quite a change. In some jurisdictions the finance legislation and the election legislation are separate, and so on. I did not put all of that data together. This is just to give you a broad overview, and if you do want more information, I can certainly get that for you.

Again, as you can see – and I won't read all of these, but Alberta we've put at the top – my salary is at \$96,000. British Columbia is \$168,000, Manitoba is \$99,000, and so on down the list. The other sheet that you have shows the salary the person gets there and then the average salary. The average salary across Canada is \$118,732, with the highest being British Columbia at \$168,000, and the lowest is \$82,000. That's in Nova Scotia, and she's part-time. So I hope that information is beneficial to you. What we have budgeted in '03-'04, the salary of \$111,300, is based on Saskatchewan. There will also in that be a 3 percent increase July 1 of '03.

So I hope that information is beneficial to you. I don't know if you want more information. If you want to discuss it without my being present, obviously that's up to you people.

1:50

THE DEPUTY CHAIR: If I may, Brian. In an earlier presentation today there were other issues that came up from other officers, and it was decided that the committee would search out more information and that we would have a meeting in the near future to discuss those issues as far as the officers' salaries.

MR. FJELDHEIM: Oh, okay. Good. Thank you.

THE DEPUTY CHAIR: We thank you for that information.

MR. TANNAS: May I have a second question?

THE DEPUTY CHAIR: Yes, Mr. Tannas.

MR. TANNAS: You said that you got three-quarters of a million dollars from the federal government – and you're to be congratulated on that – but you don't have a revenue line.

MR. FJELDHEIM: No. Bill?

MR. SAGE: Our revenue most of the time is very minimal, the sale of photocopies. The \$750,000, as you mentioned, represents what we got from the federal government. Rather than anticipating that happening in 2004 again, we decided to budget showing you the full cost of everything without anything included for the possibility of a revenue account.

MR. TANNAS: Where did the money go?

MR. SAGE: It goes into the general revenue fund. The money comes back to the Chief Electoral Officer and then is just deposited to the general revenue fund. If you go back and look at our audited statements or the Auditor General statements, you would see miscellaneous revenue of . . .

MR. TANNAS: Whatever.

MR. SAGE: Yeah. It would be, say, \$780,000, the \$30,000 being very miscellaneous revenue and the \$750,000 being the amount received from the feds.

MR. FJELDHEIM: If I could add to that, the Chief Electoral Officer for Canada, Jean-Pierre Kingsley, was very anxious to bring that cheque personally. We suggested that he just put it in the mail. However, he was most anxious to present it to Janis. We were in her office one day, and he had the opportunity to make that presentation and give his little information about where they're at.

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

MRS. FRITZ: Just a brief question. I know you've probably stated this, but I keep thinking about it and wanted to know the answer to this question when asked. But before I do that, I do appreciate what you've handed out in regard to salaries, Brian, because as the chairman mentioned, we are going to be looking at that at another time. I know that you would have been very thoughtful as to what you've projected here within your budget, so we'd certainly take that into consideration.

Having said that, I'm back to page C. I know you've probably addressed this, but I'm still looking at data processing. Knowing the forecast was \$22,800, the budget came out at \$10,000, and then it's back up to \$19,800, I just wondered what the delay was.

MR. FJELDHEIM: I was going to say that that increased to accommodate the Alberta Corporate Service Centre. These departments that we have used in the past would, in effect, eat those costs, and that would be part of their operating expense. Now in looking at their budgets, they're charging things back again. Of course, that's hitting us, and we have to increase our budget accordingly.

Glen, do you have something to add to that?

MR. RESLER: I'll just add to that. This year is kind of an

exception. What they did do with last year's billing was send it to the wrong area. So around May of this year they came back saying, "You owe us money for these funds," and they had increased the cost of it. So we're paying for two years in the current year.

MRS. FRITZ: You are?

MR. RESLER: Yes.

MRS. FRITZ: Thank you.

MR. RESLER: That's why it goes up to the \$22,800, and then it's back to the estimates for \$19,800.

MRS. FRITZ: Yeah. Thank you very much.

THE DEPUTY CHAIR: Gary Friedel.

MR. FRIEDEL: Thanks, Denis. Brian, I'm trying to sort out in my own mind the differences in the election office program, which is probably the administrative costs. The election program itself, as Mary said before, it would be very difficult to put a handle on and compare from one year to the next. So, for the most part, I just assume that that's what you've got to spend to hold an election or by-election. But your office operations, or the election office program, and I'm presuming to some extent the register of electors program should be somewhat consistent.

The anomaly in there is the contract services. I know you touched on it a little bit earlier, and I apologize if I missed something that I should've been hearing, but I'm doing some calculations here and may have missed the answer. Particularly on page D, the contract services, it goes up 48 percent, \$199,000 worth. I guess I'm doing this backwards, but on page B the contract services goes up \$4,900, for an 82 percent increase. Can you tell us what those are and, in general terms, why there would be such a dramatic increase in those areas?

MR. FJELDHEIM: Yeah, I think I can. First of all, the election office: that includes the salaries and the general costs related to the administration of the legislation we're responsible for, the Election Act and the Election Finances and Contributions Disclosure Act. So that's sort of the office stuff. The elections: that's the cost of conducting general elections and by-elections as well as the costs associated under the Election Finances and Contributions Disclosure Act. So, in effect, that's the second element. The third element is this register of electors system. That's the cost associated with preparing and maintaining that thing in order to prepare the list of electors.

Now, your question on contract services under D?

MR. FRIEDEL: I read them to you backwards. On page B, for example, why does contract services, which is about two-thirds of the way down, increase under budget or forecast from \$6,000 to \$10,900 for your coming estimates?

MR. FJELDHEIM: Okay. Yeah. That's temporary labour services, a private placement firm, \$1,800, if we need something in particular for a computer repair, something along those lines, or a human resource contractor; that's the individual that Ms Blakeman referred to. We have printed materials under there for general information regarding our office as \$1,200, and our legal fees we have under there as \$2,500. We use Parliamentary Counsel whenever we can, but occasionally it's something outside their purview or it's during a session when they are busy.

MR. FRIEDEL: But why is it so much more than the current year?

MR. RESLER: The only reason it's increasing is the human resource consultant that we brought in for that one day a month, and that is the increase for that. I think it's 400 and some dollars a month for that consultant, and that's the increase between the forecast and the estimate for next year.

MR. FRIEDEL: Okay.

MR. FJELDHEIM: With the contract services under the election element and under the register of electors element, we budget for three by-elections and three confirmations in each fiscal year. Do you remember – I can't recall how many years ago – there was a tragedy and it was required in one year to have three by-elections? Obviously, that's very unusual, but in this case we budget for the worst case scenario.

Also, this time around under the register of electors element we're going to have a map review following, as I mentioned earlier, the passage of these electoral division boundaries, whenever that happens. The travel on that will be close to \$20,000. It's going to cost almost \$100,000 in fees to review those electoral divisions. Obviously I can't say, but there may be three electoral divisions that are combined, so we have to take a chunk of this, a chunk of this, a chunk of this and then put them together and get that new electoral division prepared. So that's the bulk of that increase.

MR. FRIEDEL: Okay. I completely forgot what we're going through, and the review is going to have a significant impact on what you do to clean it up so it can be used for the next election.

MR. FJELDHEIM: Yes.

THE DEPUTY CHAIR: Ms Blakeman.

MS BLAKEMAN: Thanks. I don't get it. I'm back to the question I asked you before about your one-day-a-month person. I asked why they couldn't be through LAO, which would be a service, I presume, that you wouldn't be charged for, and you said that it was because this person was familiar with leg. offices. Well, why wouldn't LAO be familiar with leg. offices? That's exactly who they're here to serve, the nonpartisan part of this, our constituency offices and, one would presume, the legislative offices. So I'm not understanding why you wouldn't be using someone from LAO.

2:00

MR. FJELDHEIM: Yeah. I'm not sure I have a very good answer for you. We got this individual because she helped us out in a couple of situations, so when the opportunity came – well, I think that because, again, we're so small, with nine people, we don't have someone that's designated to do that. So my thinking was: well, here's an individual who has experience with leg. offices; let's see if we can use this individual for one day a week. Quite frankly, I can't recall whether I even investigated going to the Legislative Assembly to see if they did have someone available. So we will follow up on that.

MS BLAKEMAN: Thanks.

MR. FJELDHEIM: Can you remember, Bill, if we did?

MR. SAGE: No, but I'd mention one thing. We did ask the Auditor General about a sharing arrangement, and they didn't want to get into it. They have a bigger staff than we do, and he has personnel or

HR people on staff. Because of his mandate he didn't think he should get involved with it. I'm thinking that Brian is probably right. Whether we investigated legislative offices or the Clerk's office, which is what you're referring to versus legislative offices, whether we looked at that or not, it would have been a while ago, and I really can't remember if the results were positive or negative on that.

MR. FJELDHEIM: But we'll certainly revisit that and let you know.

MS BLAKEMAN: Okay.

MR. RESLER: I'll just add something. We have had the opportunity to work with the Legislative Assembly, specifically with information technology services on our web site and such. They're very helpful, but they have a lot of demands on their own time, and although they're able to help us in a crunch, we were referred to go elsewhere to provide services for ourselves.

MR. FJELDHEIM: I should add that we certainly don't have any aversion to asking for assistance from them. It's nothing like that.

MS BLAKEMAN: Okay. That's more revealing.

DR. PANNU: I'm just wondering about the amount involved here. It would be about \$4,000, \$4,800, \$5,000, somewhere in there?

MR. FJELDHEIM: Yes. It's \$5,400, I think, we've got in there.

THE DEPUTY CHAIR: Are there any further questions? There being no further questions, I wish to thank you very much for yourself and your members having come forward today to present your budget.

In light of the holiday season I'd like to wish you and all of your staff a Merry Christmas and the best of the holiday season.

MR. FJELDHEIM: Good. Well, thank you, all, very much, and the same to you and your friends and families.

THE DEPUTY CHAIR: Good afternoon and welcome to the committee. Before we move on, I'd like to introduce to the committee members Mr. Frank Work, the FOIP commissioner, and also his financial officer, Suzanne Frederick. Welcome.

I'll make you aware, if you hadn't been aware earlier, that I'm replacing Janis as the chair today. She's had an unfortunate death in her family and is unable to be with us today. So I'll do my very best to keep us on the straight and narrow.

If you don't mind, we'll just start with yourself, Dr. Taft, to do introductions.

[Ms Blakeman, Mr. Ducharme, Mr. Friedel, Mrs. Fritz, Ms Graham, Mrs. O'Neill, Dr. Pannu, Dr. Taft, and Mr. Tannas introduced themselves]

[Mrs. Sawchuk, committee clerk, introduced herself]

THE DEPUTY CHAIR: With this, we pass the floor over to you, sir.

2:10

MR. WORK: Thank you, Mr. Chairman, members of the committee. By way of brief introduction, as most of you probably know, the office of the Information and Privacy Commissioner for Alberta has responsibility under two pieces of legislation, the Freedom of Information and Protection of Privacy Act, sometimes lovingly referred to as the FOIP Act, and the Health Information Act. In that

capacity the office currently has 31 salaried and three wage staff, and we sometimes take some summer students.

The office basically performs two functions under both pieces of legislation. One is to deal with the public in terms of taking complaints under either piece of legislation, doing investigations under either piece of legislation. The other general function of the office is to work with what you might call stakeholder or participant groups under the two pieces of legislation, and that's often a harder task to quantify because it often involves participating in policy deliberations with different departments of either the provincial government or municipalities, universities, schools, and hospitals.

More and more significant is the role the office plays in terms of dealing with participant groups by receiving and reviewing what we call privacy impact assessments. In fact, statistically our bread and butter under the FOIP Act remains individual cases, people that either want to appeal decisions of public bodies with respect to access to information or people who have a privacy complaint. As opposed to that, under the Health Information Act the bulk of our business is dealing with privacy impact assessments from different custodial bodies under the Health Information Act, and we perform quite a major educational function under the Health Information Act, as well, with respect to public bodies.

That's all I'll do by way of a really rough overview. You may have more specific questions, which I'd be happy to take later.

As a result, the bottom line for 2003-2004 is that as far as the freedom of information act and the Health Information Act functions go, we are projecting a 2.23 percent increase in our budget. This includes what we're advised by government will be a 3 to 4 percent across-the-board increase for wages and salaries.

Now, the wrinkle in this year's budget is the issue of private-sector privacy legislation. Even as we speak, the political decisions are being made with respect to whether or not there will be private-sector privacy legislation in the province. In anticipation of that happening, we have budgeted accordingly, and as a result the bottom line of our budget shows an \$846,000 increase, which is a 26 percent increase over last year. So without private-sector privacy legislation we're looking for a 2.23 percent increase. Assuming there will be private-sector privacy legislation in the province and assuming that our office will be called upon to play the implementation role with respect to that legislation, we are looking for an \$846,000 increase.

Most of that increase will be to pay for staff. We're anticipating either four or five new staff to deal with private-sector privacy, and the other variable there is that we are giving consideration to opening a Calgary office, either to deal with private-sector privacy legislation out of Calgary or, depending on the needs assessment we do, to offer a full-service office in Calgary. We project that if we open an office in Calgary, either way we'll need one additional staff member.

The other factor in the budget which I should mention is that we were asked by the Ministry of Government Services – and that's the ministry that would be responsible for private-sector privacy legislation if it goes through – if we would seek a \$100,000 budget item, which we would then use to partner with them to provide educational services to the private sector in Alberta. So the Ministry of Government Services is going to also budget \$100,000 for this purpose.

So those, ladies and gentlemen, Mr. Chairman, are the significant highlights of this budget.

THE DEPUTY CHAIR: Gary.

MR. FRIEDEL: Oh, I'm up first?

THE DEPUTY CHAIR: Yeah, you are.

MR. FRIEDEL: I was going to first of all ask you about that \$100,000. I saw it in the cover letter. What is the strategy behind doing it this way rather than letting the Department of Government Services, which is responsible for the administration, look for it in their budget?

MR. WORK: The logic was that while Alberta Health and Wellness had budgeted significantly for the implementation of the Health Information Act, there were several roles that the stakeholders under that act seemed to expect from the commissioner's office. Particularly, the HIA, as with private-sector privacy legislation, was a fairly large-scale undertaking involving large numbers of people, and we found that often under the HIA the commissioner's office was being asked: well, how are you going to interpret and apply these provisions? There was a lot of concern, for example, among pharmacists that if we immediately implemented the strict letter of the Health Information Act, it would be too fast for them, that it would impede their ability to serve their customers, and so on.

The point, Mr. Friedel, is that we found under the Health Information Act that we had to be almost equally involved with the government in terms of putting the case for the legislation to the public, explaining to them what the commissioner's position was, explaining to the public what the commissioner wanted from them. At the base of it all, I suppose the stakeholder groups wanted the assurance that the person that's wielding the gavel was going to perform in a certain way or have certain expectations of them, reassurances and information which, I guess, they didn't feel they could get from Alberta Health and Wellness alone.

To make a long story short, we're anticipating a similar reaction from the private sector in that certain basic knowledge can be imparted to them by the government of Alberta, but they will want to know what the commissioner will expect from them in terms of compliance as well. So it was felt that if we entered into some kind of a partnership with Government Services, we could answer both sets of questions with the same material or the same educational programs.

MR. FRIEDEL: So this is, in fact, work that the office is going to have to do simply because it's happening or because it's being developed?

MR. WORK: Yes.

MR. FRIEDEL: It's not a budget to help the department develop a policy or anything around it?

MR. WORK: No.

MR. FRIEDEL: This is work that is overflowing; immediately it causes a demand in your office for it.

MR. WORK: That's correct; yes.

MR. FRIEDEL: Okay. The second one and not detached from it is that in your budget you've identified that, you know, should the legislation go through, there's going to be a fairly significant – and I forget the actual amount that you said is part of your new budget. Back when the Health Information Act came in, when we dealt with the budget, it was almost handled as a separate budget partly because when the legislation came through, it was midterm. As a matter of fact, if I recall correctly, it was much later than we had originally

anticipated, and we'd budgeted some money and then didn't use it. But it was spelled out specifically because of the requirement to incorporate a fairly significant additional workload to the office.

2:20

The money you've got in here, I presume, is sort of incorporated through each of the line items. I'm wondering, because a lot of this is based on maybe some estimating and guesstimating combined, what this would cost. Would it be a difficult job to break it out and do much like we did the last time and say, "Okay; here's what we anticipate this budget is going to cost," rather than just sort of blending it in and nobody knows at the end what the transition was? It's a lot easier for us to approve an amount that doesn't have a lot of guarantees attached to it if we can assume that you would spend what you have to and that if you didn't reach that plateau, it wouldn't be spent. I mean, the rest of your budget is kept intact.

It would also give us a learning experience and probably yourself as well, although I expect you're probably doing it internally, to say: here's what it actually cost to incorporate a new idea that was invented somewhere further east. I'm aware that we probably don't have a lot of choice in getting into this kind of legislation because the federal legislation is set up that if the provinces don't enact their own legislation that essentially follows the intent of the federal one, then theirs applies. So it would be in the province's best interests to have one that we administer. But if we could do the budgeting and costing separately for one year just to see where it's coming from and then where it's heading after that.

MR. WORK: Yeah. For the three significant areas of increase we can do that. I've done it a little bit now: \$846,000 overall; \$100,000 we put under contract services. The reason we didn't break it out any more finely than that was that a lot of the smaller increases kind of get absorbed by the office overall. For example, for training and conferences and so on we budget a certain amount per employee. There's a point after which you can't break it down too much finer in terms of what goes to HIA, what goes to FOIP. But, yes, we could give a separate sheet showing the major increases as specific line items attributable to private-sector privacy.

MR. FRIEDEL: For me it would be a lot easier to just take your word for it and then say, you know, that neither of us really knows exactly what it's going to be but that there's going to be some accounting at the end of the year that says that this was what it actually cost. Then for the rest of the purposes we're dealing with the 2.23 percent budget, which seems very much in line with what we're doing elsewhere.

MR. WORK: Mr. Chairman, can I have half a second?

THE DEPUTY CHAIR: You may.

MR. WORK: Mr. Chairman, Ms Frederick just gave me one of our working sheets that actually may serve the purpose that Mr. Friedel is asking for. I can make this available to the committee anytime he wants, as soon as we leave the room, or if you've got a photocopier handy, we can . . .

THE DEPUTY CHAIR: Ms Graham.

MS GRAHAM: Thanks, Mr. Chairman. Frank, I'm just looking at the cover letter to your budget. In, I guess, the second last paragraph I see that you're stating there that the proposed new budget is 2.23 percent overall. Now, I don't have my calculator with me, but when

I take a quick look at what the actuals were for – I guess we don't have the actuals for this year yet; do we?

MS FREDERICK: No.

MS GRAHAM: We're just working on the forecast.

MS FREDERICK: Yeah. At this point we are.

MS GRAHAM: What is this 2.23 based on? Was that on the target? I mean, based on what?

MS FREDERICK: There's an \$846,000 increase, which translates into 26 percent from last year's budget, and of that 26 percent 2.23 percent relates to FOIP/HIA. The rest of it relates to private sector. So overall we're asking for 26 percent more; 2.23 percent of that is related to FOIP/HIA, and the balance is related to private sector.

MR. WORK: Yeah. We maybe could have attacked that a different way. The point was to say that based on the status quo of what we are doing right now, what our present-day functions are, we are looking for a 2.23 percent increase, just FOIP and HIA. Assuming private-sector privacy, we are then looking at a 26 percent budget increase.

MS GRAHAM: Including the 2.23?

MS FREDERICK: Yes.

MR. WORK: Including the 2.23; that's correct.

MS GRAHAM: So, roughly, about 23.7 something . . .

MS FREDERICK: . . . relates to private sector.

MR. WORK: Is attributable to private-sector; right.

MS GRAHAM: So if we don't need that for this year, then that comes back?

MS FREDERICK: Right.

MR. WORK: We don't spend it.

MS GRAHAM: All right. That helps.

In that same paragraph you make reference to a projected 4 percent manpower funding increase. Now, I'm assuming that this is what you've learned is going to be the likely public service increase for all public service employees; is it?

MS FREDERICK: Yes. Our human resources director had called around and determined that it was probably going to be 3.5 to 4 percent across the board for management and opted out and union.

MS GRAHAM: So all the employees of your office would be governed by that same public sector?

MS FREDERICK: Yes. They're all subject to the Public Service Act.

MS GRAHAM: Right. So whatever it is will be what your people receive. So if this is an overestimate, then there will be a contribution back?

MS FREDERICK: Yes; exactly.

MS GRAHAM: What portion of the salaries and wages is attributable to the 4 percent then? Do you have that breakdown?

MR. WORK: In actual dollars?

MS GRAHAM: Yes. Of the 2 and a half million, I guess it is.

MS FREDERICK: Yes, I can get that for you in just one second. I would say that it's approximately \$200,000, because we have a salary budget of \$2.5 million for the previous year. We're looking at it becoming \$3.1 million, and that's just adding the 4 percent. So I'd say approximately \$200,000.

MS GRAHAM: So this salary and wage estimate is for existing employees, not for the new projected positions?

MS FREDERICK: The projected positions have already had the 4 percent included.

MS GRAHAM: Where do we see them reflected?

MS FREDERICK: It's all in the one figure of salaries and wages, \$2.478 million. Basically, that's the private-sector positions, the FOIP positions, and the HIA positions. The private-sector positions were budgeted for, assuming we were going to hire them in the summer of 2003. Their salary included the 4 percent wage increase in the budget.

2:30

MS GRAHAM: Are we able to isolate out, then, the private sector?

MS FREDERICK: Absolutely. Yes.

MS GRAHAM: Did you say 800 and some thousand dollars?

MS FREDERICK: Three-quarters of a million is the private-sector total manpower. If you take a look at the sheet in front of you, the sheet that Karen handed out, the total manpower located in Calgary would be \$463,000. So that's salaries and wages, employer contributions, and tuition.

MS GRAHAM: For the new positions?

MS FREDERICK: Yes, that's correct, for five new positions.

MS GRAHAM: Edmonton and Calgary?

MS FREDERICK: Yes.

MS GRAHAM: So if we took that figure off the \$2,478,000, that should give us where we're at with current employees plus 4 percent?

MS FREDERICK: Yes. That's correct.

MS GRAHAM: And you agree with that?

MS FREDERICK: I agree with that. You took it off the \$2.4 million, which was the budget from 2003.

MS GRAHAM: All right.

THE DEPUTY CHAIR: If I may, I'd just like to clarify something. There was a comment that went back that I caught, and the comment was that it was Edmonton and Calgary, and I think it should be Edmonton or Calgary in this case as far as the private sector. You do show on the sheet that's been handed out that basically if you have that office located in Calgary rather than in Edmonton, it will cost you 22 percent more for that function.

MR. WORK: Good point. Yes.

MS GRAHAM: But the \$463,999 is both.

THE DEPUTY CHAIR: No. If you keep that office located in Edmonton, your total cost will be \$392,593. If you locate the office in Calgary, it will be \$463,999, an increase of \$71,406.

MS GRAHAM: For the two offices?

THE DEPUTY CHAIR: No. There would only be one office, either in Edmonton or Calgary. It's going to be more expensive in Calgary.

MR. WORK: Yeah, \$70,000 more for this year if we put an office in Calgary.

MS GRAHAM: But that's an additional office, Mr. Chair, I do believe. It's not either/or; is it?

DR. TAFT: It's for the new legislation.

MR. WORK: Yeah. We'd still have the office in Edmonton, of course, but the only question is whether we locate the private-sector people up here. We would still have to hire them, and then, as Mr. Chairman said, that would be \$392,000 to keep everything in Edmonton. If we put the private sector in Calgary, we would want \$71,000 more.

MS GRAHAM: Thanks, Mr. Chair. I understand now.

THE DEPUTY CHAIR: I'll just continue down the line, then. I have Mrs. O'Neill.

MRS. O'NEILL: Thank you very much, Mr. Chairman. Would I be correct in summarizing that you're asking for a 23 percent increase and another office? Is that, in essence, what the bottom line is in your proposal?

MR. WORK: We're asking for a 26 percent increase overall: bottom line, total budget, 26 percent. Of that, 2.23 percent is attributable to wage increases for what we have now. The remaining 23.8 percent of that 26 percent increase is attributable to private-sector privacy legislation.

MRS. O'NEILL: But the bottom line is the 26 percent?

MR. WORK: Yes.

MRS. O'NEILL: So here's where I'm coming from in trying to sort it out. Are you looking to establish another office if it is located in Calgary that will be ongoing and therefore, then, put into your base budget for a continuance and the commission responding to the delivery of services? In other words, while I appreciate what my colleague here is saying, could you separate it out for its initial part? I understand and appreciate the separation you've done, but

essentially what you are looking to do is to build it into the base budget.

MR. WORK: Yes. Correct. If the provincial government introduces and has passed private-sector privacy legislation, that would become an ongoing expenditure for the office. Correct.

MRS. O'NEILL: Thank you. I just wanted to clarify that.

MR. WORK: Good point.

THE DEPUTY CHAIR: Dr. Pannu.

DR. PANNU: Thank you, Mr. Chairman. On the private-sector portion of the proposed budget, locating it in Calgary would cost, obviously, \$71,000 more. Could you suggest some of the reasons why, perhaps, you are proposing to locate it there and how you costed for a location there?

MR. WORK: Yeah. The primary reason for even considering a Calgary office is just in terms of extending service to Albertans. Both the Auditor General and the Ombudsman have offices in Calgary, and the Ombudsman example is particularly relevant because like our office the Ombudsman works on the basis of investigating individual complaints and issues. Consequently, there is a lot of contact, you know, with whoever in our office is doing the casework and whoever the client happens to be. The Ombudsman tells me that he has five people in Calgary, although that number was not significant to us in our planning, but coincidentally it turns out the Ombudsman has five investigators in Calgary.

It was our sense that having an office, particularly if it's private sector, located in Calgary would give us a bit of a presence in terms of the energy industry and some other parts of the business community that are more concentrated in Calgary than in Edmonton. As with the Health Information Act a large part of the task is going to be getting a large number of people and organizations up to a reasonable level of comprehension of what the private-sector privacy rules would be, and having people that could attend the luncheons, give the lectures, do the PowerPoint presentations seemed like a reasonably good idea. I've spoken just informally to some people in government and some ministers and some members of the Calgary caucus of government about how they would see that, and for the most part the response has been favourable. No one has said that it's a dumb idea yet anyway.

DR. PANNU: Okay. At present there's no activity in your office related to private-sector requests related either to HIA or to FOIP?

MR. WORK: No, Dr. Pannu, not a significant amount of work. We get calls from members of the public who have issues that happen to fall in the private sector, and then we deal with them as best we can. Often it's to tell them: I'm sorry; the legislation doesn't deal with that. Or sometimes if it's someone calling about a concern with a credit bureau report or something, we can refer them to Transamerica or Equifax or whatever credit bureau. So we do a little bit of a help desk function in that regard, but it's not a significant component of what we do day by day.

DR. PANNU: Mr. Chairman, one question before I conclude this part. HIA legislation I guess exempts private-sector health care providers from the obligations. Is that right? Therefore, you wouldn't have any requests related to HRC as such. That's my specific question.

MR. WORK: That's correct. Yeah, the dividing line on the Health Information Act is whether or not the health services provider is paid from Alberta health care insurance or not, and if you are paid through Alberta health care insurance, you are subject to HIA. If you are not paid from that source, you are not subject to HIA.

DR. PANNU: Okay. Thank you.

THE DEPUTY CHAIR: Dr. Taft.

DR. TAFT: Thanks, Mr. Chairman. There's a theme around here. I'm trying to puzzle this through, and I'm going to continue on the theme for a minute. On your table of numbers here, the estimate at the bottom, the budget you're proposing for 2003-04 is \$4.066 million. Does that include the Calgary office?

2:40

MS FREDERICK: Yes.

DR. TAFT: I thought so. Okay.

Then a handful of questions on specific lines. Under supplies and services advertising goes from \$5,000 to \$15,000, and then you're expecting it to drop considerably in the future. Far be it for me to advocate spending more money, but it seems to me that \$15,000, if you're launching a whole new program with a lot of public education and maybe even damage control – because I'm already hearing people say: oh, what the heck is this PIPEDA stuff? Are you sure you've got enough resources there to inform the public?

MS FREDERICK: Actually, the advertising budget is strictly related to recruitment advertising, and it's gone up by the \$10,000 for the five positions that we would have to hire for. Like you say, the public awareness and the media and any damage control, et cetera, are all included in contract services. Okay? I can let you know how much that is. We have approximately \$25,000 in our contract services budget for public awareness.

DR. TAFT: Twenty-five thousand?

MS FREDERICK: Right.

DR. TAFT: Obviously you think that's enough.

MS FREDERICK: Well, there is the \$100,000 also that Frank had discussed previously, where we're partnering with Government Services.

MR. WORK: That's in addition.

I'm in a bit of a difficult position – and I suppose I'm putting you in a correspondingly difficult position – in that I'm not able to tell you with much precision what that \$100,000 would be used for exactly. I would anticipate, as you said, printed materials, possibly advertisements, possibly – I don't know – videos, CD-ROMs, but at this point it's hard to say precisely how the public awareness campaign would be structured.

DR. TAFT: Still on that line item the jump from last year over the next couple of years is quite dramatic on contract services. It basically doubles. If you're seeing that kind of an increase in contract services, I'm wondering if you've considered in the long term bringing that in-house. What's driving a hundred percent increase in that over the next two years?

MR. WORK: You're going from 2003-2004 off to . . .

DR. TAFT: I'm going from 2002-03, what we're right in right now, \$250,000 for contract services, and two years from now it's exactly double that. So that's a doubling of your outsourcing. Can you discuss that?

MR. WORK: Yes, I'd be happy to. Our anticipated expenses there would be for an electronic filing system for the office, legal services.

DR. TAFT: How much for legal?

MR. WORK: A hundred thousand dollars.

Okay. I'll go back. An electronic file system, \$50,000. We're committed to \$30,000 for the IAPP, information access and protection of privacy program at the University of Alberta, for this year, and that was a commitment made the year before last, I believe. Again it was a partnership we did with the government of Alberta to provide seed money for that program at the U of A. Our business plan is going to be redone this year, and we need help with that. We anticipate \$10,000 there. We're projecting possibly a survey on health information issues at \$20,000, and \$20,000 of that we're paying for a contract worker we have right now who's reviewing privacy impact assessments produced by the health sector, by the doctors. That's not the full, all-inclusive list, but those are the major line items under that contract services item.

DR. TAFT: All right. Then the next line goes from \$6,000 to \$60,000 in the next three years, the data processing services.

MS FREDERICK: Data processing is always an interesting one. Last year we left using IBM as our outsourcer and went to Ceridian to do our payroll. It saved us a phenomenal amount of money. They were going to charge us \$80,000 to do our payroll for one year – I don't know if you recall this from last year – so we went to Ceridian, who is charging us about \$5,000 for the year.

Through a little bit of reallocation of costs, this data processing has actually gone up, only because we've put different things into there now. We've put our Quicklaw, which is the on-line legal, into there instead of in materials and supplies. IT consultants has actually come out of the contract services budget and been put into the data processing, so that is actually going up more from a reallocation of costs. Imagis is as well. I'm sure that every office that comes in here complains about Imagis. Last year, this current year that we're in right now, the government estimated that we would be charged a thousand dollars, actually under a thousand dollars, \$700, for using their financial system – we don't use their payroll, but we use their financial – which is a great deal, so we took it. We went: "Yeah. We're going to stay with you guys." This year they told us: "Wow, you guys, you know, that's not very much. You need to be contributing a little bit more towards this whole thing." So we've gone with \$5,000 this year, which is still reasonable to keep the system. So that's kind of bounced us around a little bit.

DR. TAFT: Just one last quick question. When you buy equipment, for example furnishings for your new office in Calgary, do you plan to expense everything, or will you develop capital assets?

MS FREDERICK: We have capital assets; \$250 is actually our capital assets point, and then we depreciate. On our financial statements, approved by the Auditor General, we basically purchase the asset outright and then on the financial statements it's depreciated.

DR. TAFT: Okay. Well, maybe I'm missing something. It could very easily be. So where are your capital assets?

MS FREDERICK: The capital assets are actually in equipment and supplies, so the fourth one down from supplies and services.

DR. TAFT: Right. Thank you. Okay. That's good.

THE DEPUTY CHAIR: If I may take the liberty, I have Mr. Friedel yet on the list, but if I can, I'd like to ask this question of you, Mr. Work. When you talked about the funding going up in the years 2004-2005 in regard to the question that Dr. Taft had asked with the program at the U of A to develop information and privacy courses, I just happened to get a recollection of last year's minutes. When you presented your budget, you had indicated that in this year there was \$67,000 that was going to be dispensed – you had taken over from the Department of Municipal Affairs – and that the final payment was going to be made in the year 2003. The information you had shared with us last year was that following 2003 the course at the U of A would be self-supporting and self-funding. I'm just wondering as to why we're going on now into years further.

MR. WORK: Okay. I may have misinformed you. Mr. Chairman, I didn't mean to imply that the \$30,000 contract service item was to be present in 2004-05 or '05-06. You're right that our last installment is this year, to make up the \$100,000. I'm sorry. When I was responding to Dr. Taft, the numbers I had at hand are the breakdown for 2003-04. I'm sorry I left that suggestion.

THE DEPUTY CHAIR: Thank you.

2:50

MR. FRIEDEL: Frank, I don't know if this is going to be a curve ball or not – and you're not the only one that does it, by the way. When you are projecting your increases, it makes a difference where you're projecting from. I'm looking at 2002-03, the budget and the actual expenditure. You're spending \$192,000 less if you take your forecast. Let's take for the sake of argument that that's reasonably accurate. That's almost 6 percent below budget. Trust me; that kind of thing is appreciated. I mean, if you don't spend it, it comes back. But it does distort the outgoing figures a little bit, because one would assume, then, that the actual forecast, you know, what it's going to end up being, would be a legitimate cost of running the office unless there is something very dramatic that you didn't spend the money on that you have to anyway.

So one should almost take the percentage increases from the actual, not from last year's budget, which would mean that if you take the same numbers that you were using, your percentage changes from 2.23 percent to something like 8.2 percent, and your actual increase is 34 and a quarter rather than 26. I realize that maybe it's semantics more than anything, but I think it's probably a fairer way of presenting what those costs are, because I'm assuming that there isn't something in your budget that you have to retroactively pick up to adjust your forecast to what last year's budget was.

MR. WORK: No. It's a good point, and it's not semantic, as you say. I think it is significant. The dilemma we find ourselves in with that, of course, is that we're sitting before you in December and we have another full quarter of the fiscal year yet to run through to March 31. So while working on the forecast might in some ways be more accurate for you, it could be quite detrimental for us if, for example, some things happen so that we wind up fully spending our 2002-2003 budget by March 31. Then we would have in effect underbudgeted for the following year. So it's a bit of a dilemma for us as to how we present that.

MR. FRIEDEL: Certainly I'm not suggesting that we go back to the

use- it-or-lose-it concept of budgeting, because I think it's credible to the offices that if there is money left over, it comes back. But I think that maybe adds to what I was saying before about taking the private-sector legislation and your cost of administering it separately from the budget for one year, because we're taking it at face value with not a lot of information as to what the real cost might be. It's one thing to take the budget and say: okay; we can measure next year and the year after to this year and the year before of what you've actually done. But there's a lot of hypothetical information in this new administration, so to me it just reinforces – and I'm going to make it as a motion later on when we deal with the amounts – that maybe we ask to have it segregated for at least one year.

MR. WORK: To have the . . .

MR. FRIEDEL: . . . cost of the private-sector legislation as far as your office is concerned, and appreciating that there are all kinds of very small items that you're not going to be able to go through and say: yes, this is precisely what it costs. I mean, there are certain smaller portion line items where you can take an arbitrary percentage and say, "Yeah, this is going to cost 8 percent of the budget, or 13 percent" – whatever it might be – but for the more significant ones that detail for at least one year in the future.

MR. WORK: So that would be starting '03-04 and '04-05?

MR. FRIEDEL: Well, you'd probably have to extend it into '04-05 and '05-06 for the purpose of your three-year business plan, but the accounting of it would occur starting April 1 next year. Then at the end of that year you've got a one-year track record. Now you blend it into your program, because you say: "This is what it actually cost us. We can defend these prices." Then the committee next year says, "Okay; now we forget about that extra line we've just created." Then you would blend it into your '05-06 and so on.

MR. WORK: Okay.

MS FREDERICK: Actually, at present what we do is have three line items when we're doing the accounting. We have it separated into administration, HIA, and FOIP. So what I had planned to do come April, when we start making any expenses related to the private sector, is also to separate it out to the private sector. What I'm understanding is that next year at this time you'd like to see what it actually has cost to date for implementation of the private sector.

MR. FRIEDEL: I'm just saying that for me as a member, then, it would be much easier to take that new figure at face value.

MS FREDERICK: Right.

MR. WORK: That makes sense.

MS FREDERICK: Yes. We certainly can do that.

THE DEPUTY CHAIR: Ms Graham.

MS GRAHAM: Thanks, Mr. Chair. I have a question that isn't right on topic relative to the budget, but as a relatively new member to this committee – I think I've been on it as a member maybe a year – we haven't met as a whole committee for almost a year. Frank, I know that you've been associated with the Ethics Commissioner's office and when the offices were combined, privacy and ethics. What was the normal pattern for meeting with your office to talk about general policy and operations? Can you think back as to that?

MR. WORK: Yeah. When Mr. Clark was both Ethics Commissioner and access to information and protection of privacy commissioner, he was able to combine the functions in the sense that the Conflicts of Interest Act required him to see each and every individual MLA once a year. I think he also took that opportunity, since he was wearing the same hat, to discuss access and privacy issues in the same meeting, or at least I understood that he did. I was not present for them. So that contact was ongoing.

Since the two offices have been separated, to answer your question, we haven't regularized or formalized any kind of meetings with this committee other than that I've been going around meeting with ministers and MLAs since I was appointed, according to their availability, but again that's informal.

MS GRAHAM: As far as a presentation to this committee to talk about, say, the annual report or projected plans, was that never something that was done?

MR. WORK: No.

MS GRAHAM: You came before this committee – what? – only once a year, at budget time?

MR. WORK: Correct.

MS GRAHAM: I find that odd. Thank you.

THE DEPUTY CHAIR: Any further questions?

If there's nothing further, as chair I'd like to go back to one subject that was brought up earlier, and that was as far as establishing the private-sector office, whether it be located in Edmonton or Calgary. I guess that the question I look at when I look in terms of total manpower costs and add in the supplies and services costs: by having the office located in Calgary, you're looking at \$182,231 more to have that office located in Calgary. I'm just wondering: is there \$182,000 of value to have an office separated from Edmonton?

3:00

MR. WORK: A good question but a very hard one to answer. Is having the presence in Calgary worth \$180,000? I honestly don't know how to answer that in a quantifiable way. I suppose the availability of the office to the private sector in Calgary counts for something. The presence in both cities, I think, is significant for both the office and the province. Is it worth it?

THE DEPUTY CHAIR: I'll help you along here. You know, I'm not trying to be derogatory or anything. I'm just wondering. Are the majority of the concerns that you would have to deal with face-to-face, or are the majority of them done over the telephone and then you may have to schedule a meeting at a later date? You know, I'm just questioning the value of having another storefront. If the majority of the calls or the requests or concerns are all done, let's say, via e-mail, via the telephone, then I question, let's say, the presence of having to separate part of your staff. I see there's an extra \$16,000 in travel, and I'm making an assumption that there's probably staff from Edmonton having to go to Calgary to assist. I'm just wondering.

MR. WORK: Yeah. A large part of that travel is actually mine. I'm planning on being around the province much more. Actually, your help is very much appreciated, because, as a matter of fact, part of the logic of the Calgary office was that in the initial couple of years of private-sector privacy there would be much more face-to-face contact with groups, chambers of commerce, associations, business

associations, large employers who will be very significantly impacted by private-sector privacy legislation. Now, the large employers in Edmonton, such as the provincial government, municipalities, universities, schools, and hospitals, are already subject to FOIP. In Calgary the large employers bearing the significant impact of private sector would be oil companies, insurance companies, banks, and so on. We did feel that there would be a need for a lot of face-to-face interaction with them to get them up to speed with the new legislation, to establish a relationship with the office, and so on.

Thank you.

THE DEPUTY CHAIR: Any further questions?

DR. PANNU: Mr. Chairman, I think you've obviously raised an important question for this committee. The issue is whether or not the \$182,000 will be well spent, and I still have some sort of concern about the answer that Frank has given. This is not a question of Calgary or Edmonton. The question is: where can we do the work most efficiently in this case with the least public dollars spent yet be able to provide the service that the private sector would require? It's an item that requires some attention, and we'll deliberate it, I guess, a little bit later.

MR. WORK: Yeah. Again, I'm sorry I can't be more help in terms of quantifying exactly what the numerical or what the figures might be for benefits accruing from that. It's largely an educated guess on my part. A lot of it, as I said in my introduction this afternoon, is based on our experience with the Health Information Act, which also required bringing a large number of people into a regulatory scheme. We've run that about 50-50 out of Edmonton and Calgary, and I'm simply anticipating that with the private sector, again, the large entities that are going to be affected by that will be more accessible from Calgary.

THE DEPUTY CHAIR: Any further questions? There being no further questions, we thank you very much for your submission today.

On behalf of the committee I'd like to wish you and yours and the remainder of your staff a very Merry Christmas and the best of the holiday season.

MR. WORK: Thank you, Mr. Chairman. Members of the committee, thanks. Merry Christmas.

THE DEPUTY CHAIR: That concludes the presentation. I guess that, as I had indicated at the beginning of the meeting, we would go on, let's say, with the motions in terms of accepting the budgets or modifying the budgets at this time. If I may, we'll go in the order that we met with the various offices.

The first office's budget that we had reviewed this morning was the office of the Auditor General. Were there some comments first before the motion? Or make a motion first, and then, I guess, have comments and debate to it.

MR. FRIEDEL: Could I make just one general comment first on this? The percentage numbers are kind of all over the map, and this is going to make it a little difficult, you know, unless we just assume that each one is legitimate. I trust these folks a fair amount, having worked with most of them over quite a few years, but do we just take all of this at face value? Do we have any guidance as to the amounts that might be appropriate? I realize that you're taking over the chair's position and may not have had the opportunity to do the research that Janis would have, but were we looking at any kind of

a guideline that might say that this is what we should be targeting for an average increase in an office?

THE DEPUTY CHAIR: Well, you're right in the comment that I haven't been privy in terms of having some previous notions as to what limits could have been established. I know that Karen has shared with me discussions that she has had with the Speaker's office, that they were looking possibly around 2 and a half percent in terms of salary increases and 2 percent in terms of increases that would take the place of supplies and the other operations that would be taking place.

So when I bring back the math and I look into the situation of the budget that was brought through with the Auditor General, he had indicated that his total budget was a \$589,000 increase, which was, I guess, in total representing, if I did my math correctly, roughly about a 3 and a half percent total increase. He had indicated that he had budgeted for a 4 percent salary increase but did indicate that if the increase, for example, is 3 percent or 2 percent or whatever that figure may be that would come from Public Affairs, they would adjust accordingly. Then basically he was only looking for \$284,000 as far as an operation increase. So I don't know if we look at it in terms of, you know, following through on a scenario.

MS BLAKEMAN: Well, I'm having a snag with that. I mean, how can the Speaker's office be asking us for 2 and a half percent on salaries when it seems to be pretty common knowledge that any wage settlement that's coming is 4 percent? Am I missing a step here? Everybody that's been in here has told us that there's an expected 4 percent salary increase.

3:10

THE DEPUTY CHAIR: Maybe I could go back a little bit. Maybe I didn't explain it properly. I think everyone, as was indicated, has come in that they've gotten back to Public Affairs as far as having an idea as to where it may be, but I guess to this point in time we don't have that type of decision, so maybe my comments that I've said earlier might have been a little unfair.

MR. FRIEDEL: I also think that the comment was made that notwithstanding what the settlements might be, they should maybe budget for 4 percent, but I don't think there was anything – at least I didn't read into it – that would indicate that that would be the amount. You know, if you're budgeting, you probably budget a little generously just to make sure you don't come up short.

THE DEPUTY CHAIR: Everyone has indicated that they've put 4 percent into their budget, but I guess, making a reflection, that if it is less than that, well, it'll be money that'll be returned.

MR. FRIEDEL: Well, I guess to get the discussion on the road, I think the percentage for the Auditor General's budget was quite in line with the numbers we were talking about. I'd be prepared to make a motion to open it for discussion that

the 2003-2004 budget estimates for the Auditor General be approved at \$17,305,000.

THE DEPUTY CHAIR: Any discussion?

DR. PANNU: Mr. Chairman, now that we have this motion before us – I'm obviously not expert at reading budgets, I must confess to start with, but I listened very carefully to the presentation and the Auditor General's quite detailed answers to some fairly serious and tough questions. He did undertake to us that although he is budgeting 4 percent with respect to salary increases, the actual increases would be dictated by the government's decision of the

public office, you know, that those salaries will be really determined by that. The question, then, is: what happens to that amount that's being budgeted that may be left over, assuming that the actual salary settlements are at 2.3, 2.5, or 3 percent? I don't know how to deal with it.

MR. FRIEDEL: Well, I think that typically – and we probably see it in the budget updates – the offices have been returning money. I mean, not to us but returning it to the general revenue fund if they don't use it. I think I made the point to Frank Work that we want to be careful that we don't get ourselves into a situation where you have to budget so tightly and don't trust that they would return it. It might be worthwhile to put a sidebar in the minutes, because they read these things pretty thoroughly after the meetings.

THE DEPUTY CHAIR: Well, if we go back to *Hansard* once it's been printed, I believe that Ms Graham had asked the Auditor General that question, and his response basically was that whatever the public service administration would get as far as an increase, that would be the amount that they would be passing on to their employees. So whatever the amount was, if it was less than the balance, it would basically be returned to the general revenue.

DR. PANNU: With that understanding, I think I'm ready to vote.

THE DEPUTY CHAIR: In favour of the motion?

HON. MEMBERS: Agreed.

THE DEPUTY CHAIR: Carried.

The next office that we met with was the office of the Ombudsman.

MRS. O'NEILL: I'll move things along in order for us to have a discussion on it. I would like to propose that we
approve the 2003-2004 budget of the office of the Ombudsman to
the amount of \$1,958,000

because I think that the presentation by the officer with respect to the allocation of moneys is appropriate to that amount of request.

THE DEPUTY CHAIR: Mr. Tannas.

MR. TANNAS: Thank you, Mr. Chairman. I just was wondering. The increase over the previous budget is 1.6 percent as given on the first page of the Ombudsman's business plan, yet we've just discussed with the Auditor General that there's 4 percent in there for wage. If it only amounts to 3.1 percent, then, okay, some money comes back, but here if it went for that 3.1 percent, are we then forcing this group to come back to the Legislature, or is it built in here and I just missed it?

MS GRAHAM: If I might, Mr. Chair, I asked Mr. Sutton about that 1.6 percent, and that's actually over last year's target. In effect, the increase is 7 percent over last year, he said, largely due to what he called downloaded costs – being telephone, insurance, data processing – that he, I guess, agreed he had no real control over. They had been downloaded from our common government services, so the actual increase is 7 percent.

MR. TANNAS: Okay.

MS BLAKEMAN: They've all done that; haven't they? Their increases are all based on the previous year's budget, the year we're in budget but not the forecast. I think they were consistent across the board in the way they prepared it.

MS GRAHAM: Were they?

MS BLAKEMAN: Yeah, because they were all low percentages, and if you actually compare between their forecasted estimate, it's much more in the land of 7 percent than this one is, but they all went from the budget, not from the forecast.

MS GRAHAM: So we have to keep that in mind.

MR. FRIEDEL: Well, that's why I mentioned to Frank that he wasn't the only one that did it. In fact, every one of them did it, and I did my own calculations, and the 7 percent is bang on what the increase is over the forecast for the remainder of the year.

DR. PANNU: Mr. Chairman, there's a bit of a problem with that practice, although I don't know what else we could expect them to do. I mean, \$250,000 was returned from last year's budget for previous years. Is there a similar sort of surplus built into the 2002-2003 budget which then is used as a base to estimate the next year's? That's the question I guess I have. If so, then the actual increase being asked for may be even more than 7 percent because this includes that \$250,000 surplus, which was returned actually.

THE DEPUTY CHAIR: If there's one point that we must remember in this budget, it's that part of his budget, the biggest part of the increase, was based on the passage of new legislation, and he has clearly indicated that in his opening letter. So I think we have to keep in context that if the legislation doesn't go through, then those expenditures will not be taking place.

DR. PANNU: Okay.

THE DEPUTY CHAIR: Any further questions? Ready for the question? In favour of the motion?

HON. MEMBERS: Agreed.

THE DEPUTY CHAIR: Carried.

We'll now move on to the office of the Ethics Commissioner.

MS GRAHAM: Yes, Mr. Chair. In an effort to get the discussion going, I will move that

the Standing Committee on the Legislative Offices approve the
2003-2004 budget estimates for the office of the Ethics
Commissioner in the amount of \$387,145 as presented.

I would just say that that does include – I don't know if it's quite \$20,000 – a substantial allowance for a potential salary increase for the office of the Ethics Commissioner, which is the vast majority of the increase.

3:20

THE DEPUTY CHAIR: I would think that when he spoke of the \$20,000, he was probably adding in the benefits that would be associated with it. That would probably bring it up to that level. But, again, as we indicated earlier, we will be having a meeting later on in the near future in terms of addressing the salaries that would be adjusted in terms of those various offices.

DR. PANNU: Mr. Chairman, I think he was quite explicit. His salary this year is \$93,000, I think. Right? Into the proposed budget he has, I think, indicated that he's putting in \$111,000, which is the same amount as Saskatchewan.

MRS. FRITZ: No, no. That's the Chief Electoral Officer. That's different.

THE DEPUTY CHAIR: When he made those comments, he was referring to the Chief Electoral Officer's salary.

DR. PANNU: Okay. I stand corrected, but I thought he was making a similar reference to the Ethics Commissioner's salary too. There comes the difference. If we were to take \$111,000 as a suggestion that he also made for this office, then the difference between what he is getting and what the next person will be getting would be \$18,000 plus, of course, benefits. About \$20,000, I think, is a good estimate. But, as you said, it's a decision that this committee will make, I guess, after deliberations.

THE DEPUTY CHAIR: That's right. As he indicated, the position is basically between two-thirds to 75 percent of a full-time job, so I think we'll have to have that deliberation, that discussion at a later date.

DR. TAFT: So if we approve the motion, are we letting ourselves off the hook a bit? I mean, are we moving into a default position where his recommendation of an increase in salary will more or less automatically happen?

THE DEPUTY CHAIR: When we dealt with the last two officers, basically the discussions that took place as far as salary were handled by – was it the PAO?

MR. FRIEDEL: Those were general salaries, though, not the salaries of the officers themselves. This one is specific. Maybe it might not be a bad idea, Marlene, to include in your motion: subject to the commissioner's salary being in line with the debate that's going to be happening on the commissioners' salaries in general.

MRS. FRITZ: I think that if we're going to do that with this motion, Mr. Chairman, there should probably be a motion that maybe Marlene could make, then, that would formalize that we are going to do that as a committee and have a time line with it. That would make sense.

MS GRAHAM: And make another motion on top of it?

DR. PANNU: But you can't have two motions on the floor at the same time.

MRS. FRITZ: She can table this motion and lift it off the floor after we deal with this next motion.

THE DEPUTY CHAIR: Do you wish to table this motion at the moment?

MS GRAHAM: Well, I'm just trying to think. Yvonne, you're suggesting that the two can't be combined, that the budget be conditional at least relative to . . .

MRS. FRITZ: What I would like to see, if this is the approach that we're going to take as a committee with the legislative officers' salaries, based on what we heard from the Ethics Commissioner, whose budget we are dealing with now, and knowing that we haven't met as a committee for a year approximately – I know I heard our chairman say that it's for discussion in the future. I would like to ask, if you don't mind as the mover of your motion, that you include in your motion in some way, whether you table this motion and put forward a new motion and we vote on it, that we formalize in the motion that we will be looking as a standing committee at the

process of dealing with the salaries for legislative officers and give it a time frame. I'd like to see us back as a committee.

DR. PANNU: In early January or something?

MRS. FRITZ: I don't know. It'll be up to what Marlene is thinking.

THE DEPUTY CHAIR: However, if I understood your question correctly, Dr. Taft, you were basically saying: if we approve the budget as presented, does it tie the committee's hands in terms of having to hire the next individual at the higher salary?

DR. TAFT: No. That's not quite right. I was just saying: are we easing out of what could be a difficult discussion? So the next time we meet, months from now, we'll say: oh, now the budget approved a \$20,000 increase, so he gets a \$20,000 increase. I just want to make sure that we're thinking through these expenditure decisions. That's all I was really trying to do. I was just prodding us a little.

THE DEPUTY CHAIR: If we recall, last year the committee had separate motions that had been made regarding the salaries that were paid or the salary increases that were given to each of the officers. We will not be doing that at this time. That will probably be forthcoming at the next meeting, when we will make those decisions as to what the increases will be for those officers.

DR. TAFT: That's fine. I was just wanting us to be conscious of what we were doing.

MS GRAHAM: I think Dr. Taft makes a legitimate point. In just thinking out loud, probably the better procedure would be, you know, to decide on a procedure to review all of the salaries or at least the Ethics Commissioner's and the Chief Electoral Officer's salaries, because those were specifically raised to us today. But I tend to think it wouldn't be necessary, then, to include X amount for the Ethics Commissioner's salary at this time in our budget.

THE DEPUTY CHAIR: Basically, the budget before us is showing that there has been an increase of \$16,755 for 2003-2004 under the bracket of salaries under the heading Manpower. I don't think that ties the committee in any which way in terms of what the salary is going to be to these officers. As I indicated a few minutes ago, we would be having separate motions at a future meeting in terms of what the salaries are going to be. At this point in time we're just looking at budget numbers. It's not to say that because it's in the budget, it has to be expended. As was indicated as far as the other public employees that were there, depending on what the public administration office is going to deem as an across-the-board type of salary, well, then it will be adjusted accordingly. I think that at this point in time there's no specific notice other than that we had brought it up as far as discussion. It doesn't bind this committee in any which way to the salary for that officer.

DR. PANNU: Mr. Chairman, thanks for the clarification, but one question still remains in my mind. What if, in fact, the decision of this committee with respect to the salary for the Ethics Commissioner is such that it makes this budget not enough to pay that salary? What if the budget numbers are lower than what they will become subject to the decision of this committee on the salary of the Ethics Commissioner? If there's a shortfall, what will we do then with the budget?

THE DEPUTY CHAIR: My understanding is that that position presently pays \$95,000 per year, and as was indicated, there is a

provision in terms of increasing salaries by another \$16,755. I would think that there is plenty of leeway in terms of those negotiations when we go through the hiring process and finalize a contract with the successful candidate next year.

DR. PANNU: All right.

THE DEPUTY CHAIR: At this time I'd like to go through with the motion that has been put on the floor. After we've gone through all the various budgets of the different offices, if someone is prepared to make a motion in terms of formalizing into a motion that the committee will meet to review the salaries of all of these officers, then we can table that to move on afterwards. Will that ease the problems as we go through? Okay.

So are there further questions on the motion that has been put on this budget? If there are no further questions, I'll ask the question. In favour of the motion? Carried.

THE DEPUTY CHAIR: The next budget that we had an opportunity to review today was the office of the Chief Electoral Officer.

MRS. FRITZ: Mr. Chairman, knowing the discussion that just occurred previously with the Ethics Commissioner's budget, I found that this budget that was presented by the Chief Electoral Officer was a very challenging budget. The reason it was challenging was, as he mentioned, that we're moving into an election cycle within the next nine months, and we see that throughout the budget with what the Chief Electoral Officer discussed in regard to the technology, what is being anticipated with the change in boundaries. You know, there were a number of issues that he brought forward. Having said that and knowing the complexities of this budget and knowing the previous discussion, I would like to, then, move that

the Standing Committee on Legislative Offices approve the 2003-2004 budget estimates of the Chief Electoral Officer and that that be in the amount as presented of \$1,994,000.

THE DEPUTY CHAIR: Any debate on the motion? In favour of the motion? Carried.

The next office that we reviewed was the office of the Information and Privacy Commissioner.

3:30

MR. FRIEDEL: I'm going to move that

we approve the 2003-2004 budget estimates in the amount of \$4,066,000 conditional that during the first year of the administration of this budget, the cost of the increase attributable to the private-sector freedom of information legislation is maintained in a way that it can give an accounting at the end of the year, extracting those costs for a report in line with our discussion when the commissioner was here.

MRS. O'NEILL: Mr. Chairman, in light of that, if we can go to discussion, I don't know where to put this, because I don't know what the numbers are. I have two different amounts for the cost of having an additional or a new office, and somehow I have to resolve that in my mind before I would vote for this budget, which, I understand, includes an office to be set up apart from the current office that is here. Here's my confusion: I have that \$71,406 would be for an office which he has suggested in his paper would be in Calgary. Okay?

THE DEPUTY CHAIR: No. My understanding of it is that on that sheet that he's provided to us, he's shown the total manpower costs. If the office is located in Edmonton, total manpower costs will be \$392,593. However, if the office is located in Calgary, then there

will be an increase of \$71,406, therefore making the total manpower costs for the office in Calgary \$463,999. Then you go down to his total supplies and services. If the office is located in Edmonton, that amount would be \$198,400. If it's located in Calgary, there would be an increase of \$110,825, for a total of \$309,225.

So when we look at the total costs, if the office is located in Edmonton, the total costs of that office that they have budgeted is \$590,993. If the office is located in Calgary, the total costs will be \$773,224, an increase of roughly about 22 percent to have the office in Calgary rather than having the office in Edmonton.

MRS. O'NEILL: Thank you for the explanation. In light of that, I am not comfortable approving that amount, and I don't know how I deal with the motion that has been made, that's on the floor right now, how I would separate that out. I understand what you're saying, Gary. So I would move an amendment that while the motion reads that it would be separated out, the cost of the – how did you phrase it, Gary?

MR. FRIEDEL: Administrating the private-sector freedom of information . . .

MRS. O'NEILL: Administrating the private-sector freedom of information and privacy legislation or as it impacts them but that the cost as identified for having a secondary office not be included.

THE DEPUTY CHAIR: I'd like to go back. It would not be a secondary office. Either the office is going to be located in Edmonton or it's going to be located in Calgary. It would not be a secondary office.

MRS. O'NEILL: Yes, I understand that, sir, but what I'm trying to say is that I think the cost is not justified in my mind as per the questions that were asked and answered here at the table this afternoon to justify locating it other than where . . . Please help me. If it's not secondary, wherever this office is, other than being included in where . . .

THE DEPUTY CHAIR: What I would suggest to you is that the motion that has been made by Mr. Friedel is saying that the budget be approved in the amount of \$4,066,000. What you would have to do is suggest to Mr. Friedel that he change his motion to show that the amount approved would be \$182,231 less than what he has proposed and then still go through with having the breakdown for the private-sector information, having a maximum budget of \$590,993.

MRS. O'NEILL: Thank you. Then I would formally make that amendment.

DR. PANNU: Since we are trying to amend the original motion by Gary, I may as well raise some issues that I think might yet suggest that we need to change that motion even more.

There are two issues here clearly. One is the issue of the size of the budget related to the private sector, and its amount differs whether it's located here or in Calgary. So that's one issue, legitimately a concern to this committee. Close to \$200,000 are at stake in making this decision.

The second, separate issue where I feel equally uncomfortable is that this budget item is based on the assumption that a provincial statute will be in place by the 1st of April. I don't feel terribly comfortable about that. We'll be approving a fairly large sum of money in this budget based on an assumption which, in my view, is questionable. Even if it were the first piece of legislation we have,

remember it's the budget session. When it comes up, when it gets approval, when the regulations get written up and all of that, you know, takes time. So that, to me, is the second important problem that I have with this budget.

So if we were to say that we as a committee would look at a supplementary allocation as soon as we know that this legislation is in place and in the meantime we approve the budget less this amount, you know, \$773,000, that would be the easiest way for me to vote on this.

MR. FRIEDEL: If I could, Denis. I realize that this is probably starting to sound awfully confusing, but when we brought in the health information legislation, we maybe planned it a little better in advance prior to the motion. Essentially, money was allocated for the administration of that new legislation and, in fact, was allocated in a budget year prior to when it actually occurred, which is partly the reason why I'm asking to have it as a separate item in the budget, so that in the event the legislation isn't passed or something happens to change the intent of that portion of the budget, it wouldn't be spent. In that previous one that I just referred to, it in fact was not spent, and then it came to us in a subsequent budget. But it would be relatively easy, having it identified separately, to say that this is conditional on the legislation being passed and even for the portion of the year, should it happen to be passed later in the fiscal year.

3:40

DR. TAFT: Raj's comments reflect some of my own thoughts and broader thoughts and concerns I have over this entire process, which I think I may put in writing to the chairman, actually, but I know the same questions have come to my mind. Now, Laurie has said that she thought the budgeting for the new legislation assumed it wouldn't come into effect until August 1.

MS BLAKEMAN: He talked about expecting to hire people in the summer.

DR. TAFT: So there's some comfort there, but I've had the same question. It feels a little bit like sort of throwing darts in a room where the lights are out. Maybe we don't have a choice at this time, but for next year I'd like to consider handling things a little differently.

THE DEPUTY CHAIR: My understanding of the budget, let's say for the private sector, okay: there are a couple of things that hinge on it. I think that's why Mr. Friedel has basically asked to break it away. His number one is to have a clear cost estimate as to what the actual costs would have been in terms of establishing that office, but we still have a situation that is very, very similar to the situation in regard to the legislative changes that the Ombudsman has also prepared in this budget. So if there's no legislation that comes forward, then there will be no expenditure of funds towards this type of office. I believe that what's been presented to us is a full-year budget, and depending on the time that they open up the office, if the legislation should be passed to go forward, I think it would be proportionate to the expenditures that have been budgeted here for us today.

So I hope that by answering it that way, I've addressed everyone's concerns. I don't think we're throwing darts in the dark here. I think it's clarifying that this is the yearly budget, but it is dependent on legislation going forward and also in regard to the timing as to when this office would be established.

MR. PANNU: Do we have the amended motion, then, before us now?

MR. FRIEDEL: I'll accept Mary's suggestion as a friendly amendment and change the approved budget amount to \$3,883,769. For the record that's \$4,066,000 minus the \$182,231.

DR. TAFT: Now, I admit to being torn on this issue, because I see the concerns raised by Mary and Gary, and I share those. At the same time, I don't know if anybody else here has had comments from people in the private sector who are very uneasy and nervous and anxious about the effects of this new legislation. Given Calgary's place as sort of the private-sector headquarters of Alberta, I can see why he's proposing putting that office there for this new legislation. So I'd be interested in any comments from the members from Calgary on the issue of the Calgary office. I find it a genuine dilemma, and some discussion might help me with that.

MR. FRIEDEL: Can I make a suggestion that the reason it would be included in there, first of all, would be somewhat speculative, based on the fact that Calgary is maybe more of a business-based, industry-based city. But after Mary made the point – it didn't take a lot of convincing to me. It might be better to make sure that we have the legislation in place and all of these other things, and if after the fact it proves to be somewhat cumbersome and needs the presence of an office in Calgary, that might be a better thing to discuss at next year's budget rather than take for granted that there is going to be this additional cost and the requirement in place immediately.

DR. TAFT: Okay; that's fine. Sure.

MRS. FRITZ: Mr. Chairman.

THE DEPUTY CHAIR: Just a moment. I have a few others here. Mr. Tannas.

MR. TANNAS: Thank you, Mr. Chairman. First of all – and I wish I were a little more alert when it went through – I can't believe the differences between Calgary and Edmonton. If there's rent, yeah, I can understand that, but I don't understand the salaries and the employer contributions and the tuition differences, why those things would be, why there would be differences in telephones and a bunch of other things. That is like Dr. Taft's allusion, you know, like being in the dark.

The other thing is: is there a recovery of revenue here? If there is, we could save ourselves money by having everybody come to Edmonton, and we might save, and I don't care whether it's \$110,000 or \$180,000, but the general population spends a million coming to save us that. So is there a revenue recovery? And if there is, then that might be a determiner. I find changing the budget on this item discomfoting, to say the least, if we're going to exclude Calgary without any understanding of (a) why it's higher, or (b) whether there really is a revenue recovery.

THE DEPUTY CHAIR: If you look back to his opening remarks and also in his letter, he indicated that if the office were to be located in Calgary rather than Edmonton, he would require one administrative position more. So that's where the salaries are coming in.

He also indicated that there would be extra travel. The \$16,000 was extra travel for himself to commute back and forth from Edmonton to Calgary. The rest of it, I imagine, is probably like phones, et cetera. We didn't get down to the nitty-gritty of it, but I imagine that he's got to establish a phone system that he doesn't have, which he already has in place in Edmonton.

I think it was fair to say, with the comments that Mr. Friedel mentioned, that first of all we've got to have the legislation. I don't know. I haven't heard of any legislation; okay? So that's a big if at

this point in time. It's also a big if in terms of if this office is going to get off the ground until the legislation goes. I feel comfortable with the motion that's been put before us now. If it does create concerns, we've hired them to run those offices. I'm sure that they will bring the argument forward to this committee if they feel that, you know, we've acted incorrectly.

MRS. O'NEILL: I feel quite strongly about this not because I don't share the dilemma that we should take the services to the people. I mean, I do share that dilemma, but there's a cost here, and when asked how that money would be expended and, you know, whether his office personnel interfaced or whether he interfaced or whether he did a lot of it by phone, the answers were not satisfactory to me. So I can't proceed with giving agreement to the expenditure of the \$182,000 at this point. That's why I want to speak strongly in support of what the motion is, as Mr. Friedel has proposed with the friendly amendment.

MS BLAKEMAN: I don't know if this is helpful. I just wanted to challenge the assumption that's been made in several of the budgets we've had that if the legislation doesn't pass or isn't implemented, the money wouldn't be spent and would be given back.

Going back and looking at the office of the Ombudsman business plan, in fact, the last year where they were expecting legislation to be passed and it didn't, between the previous year's budget and what they're estimating to be spent, they actually are enjoying somewhere around a 9 percent increase, which I don't think was probably contemplated. So to assume that all moneys will be turned back, the complete amount of money – and we're talking about the Information and Privacy Commissioner; we're talking about the \$590,993. Unless you're going to put it in the motion that if the legislation doesn't pass then that exact amount of money is be turned back, we've put no provisos on the management of the budget. If they go over and take a little bit of that money – they have it – there's nothing to stop them from doing that. The amended motion does address that, but there was an assumption being made here that if the legislation didn't pass, the entire amount of money would be passed back. It's not. That's not what's happening here or not what's been in the past anyway, if we go by the past figures.

3:50

THE DEPUTY CHAIR: As chair I would be prepared to have that discussion. I guess we could place another motion to that effect.

MS BLAKEMAN: No, we don't need to. I just wanted to challenge what was being assumed here, because I think it was wrong to assume it given the discussion we were having.

THE DEPUTY CHAIR: Well, I felt comfortable with using the comparison with the Ombudsman's tabling because he covers it in his business plan that he's presented to us in his covering letter.

MS BLAKEMAN: That he'll return the exact amount?

THE DEPUTY CHAIR: Well, he makes reference to what the extra costs were going to be. In his fourth paragraph it reads:

As the Committee is aware, I cannot control the passage of legislation. At the same time, I must have the financial resources in place to immediately assume the additional duties. As in past years, I am once again requesting the Committee approve the financial support necessary to fund these legislative initiatives with the caveat that the additional financial resources will be returned should they not be required.

So does that answer your concern?

MR. FRIEDEL: Denis, that was certainly the intent of my motion, that it wasn't going to be part of the budget unless the legislation passed, but because we're actually dealing with two budgets, both of which have legislation in them, could I suggest that it might be in order, if there is some discomfort around the table, that one motion after this would deal with both of those budgets and make it absolutely clear that's the intent?

THE DEPUTY CHAIR: Sure.

Yvonne.

MRS. FRITZ: Thanks, Mr. Chairman. I'm going to support the motion that was originally on the floor and not the amendment. I agree with Mr. Tannas's comments, certainly, about the travel for people from the south to the north. Importantly, too, I realize that this is the first budget that's been presented by our new Information and Privacy Commissioner, and I think that he agonized over this budget. I can well imagine that he spent a lot of time with this budget, going over it in detail before he came to this committee, and I think it's well thought out. He is going to hire four additional staff regardless. He does only need one other position to service the south. He spoke at length about why he saw the need for the southern position, and quite frankly I don't have the worry about this legislation that there seems to be around the table. I think that's part of planning. We do that every year with budgets, and it is estimates. It's a budget estimate, you know. I feel, just even seeing the previous budget, a million dollars, as the Auditor said, that he had returned . . .

Mr. Chairman, I know that we have an amendment on the floor, but what I'm wondering: is the motion amended that's on the floor, or is it the main motion that's carrying the amendment? Are we just voting on one? What's on the floor?

THE DEPUTY CHAIR: My understanding is that the motion that is on the floor is the motion that Gary has made in terms of where he's – I guess there's been one amendment, where the \$4,066,000 has now been reduced by \$182,000. The exact number, Gary, if you wouldn't mind reading it.

MR. FRIEDEL: It's \$3,883,769.

MRS. FRITZ: So the mover hasn't amended his own motion then? So we have one motion on the floor, which is this recent number? Okay.

THE DEPUTY CHAIR: Also with the additional provision that the budget that is allocated, if the legislation should pass, for the private-sector information be taken out of the total amount as a separate item.

MRS. FRITZ: Well, you know, Mr. Chairman, I wish that this could have been discussed in that kind of detail when the Information and Privacy Commissioner was here. Quite frankly, I think he would have responded to some of these questions that are here on the floor today about the legislation and the way that it's being put forward, about what may happen with that, in determining what he sees the need to be in Calgary, and the fact that it is only one other position that we are discussing here overall. We're still going to have an Edmonton office, an addition of four people to the Edmonton office, and I actually support what the commissioner brought to the table with the budget that he had put forward. So I won't be supporting the motion that's on the floor.

THE DEPUTY CHAIR: In fairness to the comments that you've just

elaborated on, I believe that we did have a good discussion while the Information and Privacy Commissioner was here in regard to the location of the office in Calgary. You know, I'm disheartened that you felt that there wasn't enough discussion. I think there were questions that had been posed directly to him in that aspect.

MRS. FRITZ: I think there were, Mr. Chairman, but given what's been coming forward here and what he'll be reading in *Hansard*, I'm sure that he'll be thinking: I wish I'd had a chance to respond to those. But having said that, I won't be supporting the motion.

THE DEPUTY CHAIR: Any further comments?

MS GRAHAM: Well, Mr. Chairman, being a representative from Calgary I wish I had more information to be able to make a decision on this. I suppose one thing that could be a problem if we were to revisit this – if an office were established for the new legislation here in Edmonton, if we revisited it and thought it should be in Calgary, then you've got all of the people with the expertise here, and then you've got the expense and the burden of moving that office. So that is problematic too. I don't know how we deal with that. I think there's a bigger issue here than just saying: well, no, he didn't make a good enough case today. I have reason to believe this legislation is going through our process now, so it's a live issue.

THE DEPUTY CHAIR: I'd ask Louise if maybe she can provide us some guidance here. Right now we're voting on a budget where there's an assumption that is being made at this point in time that there might possibly be the need for an office to deal with the private-sector information legislation. Would it be appropriate that we just delete the full amount of that office, as it is an assumption at this point in time, and just approve the budget less those numbers, and if the legislation does go through, then it would be dealt with by this committee as a supplementary requisition?

MRS. KAMUCHIK: If I may, Mr. Chairman, I would recommend that you do divide the budget without the legislation and have a separate motion in the event of the legislation being approved and the need for the establishment of an office either in Edmonton or Calgary. Have it as a separate motion, and therefore if there is no legislation, then there is no need for the money and there is no need to be concerned about the fact that the officer may have additional funds and may be tempted to use a few funds to alleviate some difficulty or some unexpected expenditure in the future. The money won't be there. It would be a separate budget item.

MRS. FRITZ: So that sets it all aside, Louise? Like, that will set that area then aside completely, which would be much better than the way it is now.

MRS. KAMUCHIK: That's right.

THE DEPUTY CHAIR: So as far as process, what do we have to do with the motion that's presently on there?

MRS. KAMUCHIK: How about if you have unanimous consent to withdraw the motion and start over again?

MR. FRIEDEL: Before we do that, can I ask one question? Was the \$846,000 the precise amount of the proposed extra costs for administering that, to be determined at a later date legislation, or was that just a rough estimate of which some of the money was included in, you know, miscellaneous administrative costs? My understanding is that it's included in there, not necessarily to the

level of detail that we could extract an amount and be comfortable that it was the right amount.

4:00

THE DEPUTY CHAIR: My understanding was that his total budget increase was 26 percent. There was 2.23 percent that was dealing, as far as an increase, with the FOIP Act and the HIA, and the other 23.76 percent of the increase in his budget was dealing specifically with the office for the private-sector legislation. I think he's provided us with the documentation, which was the extra sheet that he handed out at the table. The hundred thousand dollars that was going to be co-shared, as far as the program that was going to be established with the Department of Government Services, was included in the 2.23 percent increase that he was requesting.

MS GRAHAM: That's what he said.

THE DEPUTY CHAIR: That's correct. So if we are going to go forward, if there is unanimous consent to delete the motion that's on the floor, then we would be asking for a motion of – if someone has a calculator, \$4,066,000 less \$773,224 would be the amount that we would be voting on for a budget. So do we have unanimous consent to abandon the previous motion that had been placed with the amendment?

HON. MEMBERS: Agreed.

THE DEPUTY CHAIR: Opposition? Carried.
I will now entertain a new motion from you, sir.

MR. FRIEDEL: I'm going to move, then, that the committee recommend the approval of a 2003-04 budget estimate for the office of the Information and Privacy Commissioner in the amount of \$3,292,776 and that in the event that legislation dealing with private-sector freedom of information is passed, we would consider as a supplementary estimate any amounts required to administer that act.

THE DEPUTY CHAIR: Any further discussion? In favour of the motion?

HON. MEMBERS: Agreed.

THE DEPUTY CHAIR: Carried. Thank you. Sorry for the circus that we went about here.

We have two more quick items on the agenda. The next one is a report on the Council of Governmental Ethics Laws conference. Dr. Pannu.

DR. PANNU: Thank you, Mr. Chairman. The members of this committee have a short written report before them. I trust everyone has looked at that report. I found the conference very useful. It was the first ever that I attended. I found as a Member of the Legislative Assembly that the agenda of the conference was very beneficial for me, dealing with matters of conflict of interest, ethics in politics, electoral system reforms, transparency and disclosure in the funding of political parties and elections. The conference was very good.

We had excellent speakers there. Mr. Clark, the Ethics Commissioner, was a participant in several of the discussions and certainly was on one important panel. I, sitting in the audience, found for the first time that I didn't have to do anything yet learned a lot from being there.

So with that, I move that this report be received by this committee.

THE DEPUTY CHAIR: Agreed? Carried.

The next item we have is a discussion that we had regarding the motion for the review of the leg. officers' salaries. Marlene.

MS GRAHAM: Thanks, Mr. Chair. I regret that I have to leave momentarily. I do think this is an important item, so I'd like to make a motion about this committee reviewing the salaries of our leg. officers to this effect. Given the presentation of the Ethics Commissioner today regarding the inequities or alleged inequities in the salaries for all legislative officers, particularly the Ethics Commissioner and the Chief Electoral Officer, I would like to move that

the Standing Committee on Legislative Offices review the appropriateness of the salaries of all legislative officers by the end of March 2003 and that in the process we engage the services of the personnel administration office to assist us in information gathering relative to comparative salaries across the country.

THE DEPUTY CHAIR: Any discussion?

MR. TANNAS: Hopefully, we'll be able to pick up from New Brunswick the reason why they didn't respond. Maybe they don't

have anyone there that's prepared to respond, but it would be interesting to have that fact in there. It is something that was brought up some time ago, and nothing was done about it, whether it be something based on judges or deputy ministers or whatever, so that we all don't have that embarrassment that it's done at a different level. So you would know ahead of time that you're a class 1 deputy minister or you're an ADM or you're a court judge of some stature. I'd really support the thing.

THE DEPUTY CHAIR: Further discussion?
In favour of the motion?

HON. MEMBERS: Agreed.

THE DEPUTY CHAIR: Carried.

The date of the next meeting I guess will be at the call of the chair.

I would now ask for a motion of adjournment. Gary. All in favour? Carried.

[The committee adjourned at 4:07 p.m.]

