

Title: Tuesday, March 13, 2007 Legislative Offices Committee

Date: 07/03/13

Time: 7:30 a.m.

[Mr. Rodney in the chair]

The Chair: Okay. Well, it looks like the doors are closed, *Hansard* is on, and everyone is looking bright and chipper this morning. I do want to welcome everyone to our first meeting of 2007. Well, it's our second meeting of 2007 – isn't it? – but the first with your humble chair here. I do want to thank everyone sincerely for being here at such an early hour.

Just a really quick note as to why it is that we're meeting so early not only in the day but in the session. I've had a fair bit of feedback on that. Actually, I've provided a little bit of feedback as well. I was advised that this was the latest that we could have possibly met because of the time-sensitive nature of what we're dealing with today. I hope you know that it's my firm intention as chair to have efficient meetings with as much lead time with respect to when the meetings will be and also with as much of a humane hour attached to them as possible. So not only was the message received, but it didn't need to be.

I want to welcome new members to the committee. Please note that we will be providing you with orientation materials at our next meeting to assist you in your new role, and I do trust that you'll enjoy your time on the committee. At this point, though, I'd like to have everyone introduce themselves for the record. Please note that with these microphones and microphone stands you need to make zero adjustments. Everything is operated automatically through *Hansard*.

Off to my right in this case, Laurie, I just love the way you welcome everyone in the morning. Would you mind starting us off, and we'll introduce ourselves after you.

[The following committee members introduced themselves: Ms Blakeman, Mr. Cao, Mr. Coutts, Mr. Ducharme, Mr. Flaherty, Mr. Magnus, Mr. Marz, Dr. Pannu, and Mr. VanderBurg]

[The following staff of the Auditor General's office introduced themselves: Mr. Dunn, Mr. Hug, and Ms Langford]

The Chair: Thank you. On to our agenda and meeting materials, which were delivered to members' offices on Thursday, March 8. Now, does anyone need another copy at this point? Karen has extras if you need them. It doesn't look like it, Karen.

So moving on to the approval of the agenda, although there are a number of outstanding issues which this committee must deal with in the near future, there are only two items this morning which require our immediate attention. Mr. Dunn, Auditor General, asked if he could proceed with his item first, and Mr. Hamilton, Ethics Commissioner, has no objection to this. So I would appreciate it if someone would like to move approval of the agenda with the revised order; that is, items 3 and 4 juxtaposed. Mr. Flaherty makes that motion. As folks new to the committee may or may not know, we do not require a seconder. So that being the motion of accepting the revised order as noted, all those in favour? Those opposed? The motion is carried.

So we'll move on to the office of the Auditor General: Request to Act as the Auditor for 703590 Alberta Inc. pursuant to section 11(b) of the Auditor General Act. Just before I hand it over to the Auditor General, you may have noted that Karen has provided each of you with an excerpt of section 11(b) from the Auditor General Act.

I will let Mr. Dunn, the Auditor General, proceed with his request on the record, and then I'll turn it over to our fine committee members for questions and observations.

Mr. Dunn: Thank you, Mr. Chairman. We'll be brief this morning. As you're aware, we are the appointed auditor of six of the nine RHAs, and one of the six is the Calgary health region. As you're aware, under section 11(b) of our act we can be appointed the auditor of the regional health authority.

The reason we want to bring this to your attention is that the Calgary health region has recently acquired this numbered company, a subsidiary that it used to have a part interest in, and at their request they wish us to be the auditor of that subsidiary as well as the Calgary health region. As I explained when I was discussing the budget with the previous standing committee, the costs of the external audits of the RHAs are very expensive. So I wanted to bring it to this committee's attention that we have engaged the agent Ernst & Young in Calgary to do the Calgary health region, and it would be our position that we'll engage Ernst & Young to do the subsidiary. I wanted to explain to this committee the cost impact that it will have on our budget, which is in this letter \$85,000. The way in which we would accommodate the request if it is approved is that we would end up deferring some other work that was in our schedule, and then we would bring this work into our currently approved budget.

I've brought Jim Hug with me to explain how this acquisition took place. Jim is the Assistant Auditor General responsible for all the RHAs and also oversees the audit of Ernst & Young with the Calgary health region. So briefly, Jim.

Mr. Hug: Well, for some time the Calgary health region has had an interest in a partnership called Calgary Lab Services, which is obviously a service that the region needs. During the past year they acquired 100 per cent of Calgary Lab Services. It's now being held by this numbered company. As a result, they would like to have an audit done of the numbered company; basically, an audit of Calgary Lab Services.

The Chair: That was quite a brief presentation. You were true to your word.

I only have two speakers on the list, now three, now four. Hon. Blakeman, followed by hon. VanderBurg.

Ms Blakeman: Thank you. I had two questions, and you answered one of them. I wondered if it was the Calgary Lab Services.

My second question is: could you expand on how much of your work – you were mentioning a portion of the audit work being deferred to the next fiscal year. Could you give us some idea of how much?

Mr. Dunn: Yes. As you're aware, we do two types of audits, one being the attest audit, the financial statement audit. This would be the audit of the financial statements of that lab services organization, which would roll up into the health region's consolidated financial statement. The other area of work that we do, of course, is our systems auditing, performance auditing in other people's terminology, and it would be one of those projects that we would defer for a couple of months. Then we would take the funds from that responsibility, and we would put them into this attest audit.

We must do this audit. If we're the appointed auditors, we must do the audit. I say that in accordance with the agreements with the RHAs it was always concluded that we would use an agent rather than doing the work ourselves. We must employ an agent, an agent which they approve. The \$85,000 has been approved by the health region with that agent, so we're obligated to write a contract with that agent to undertake this work.

What we would do, Laurie, is defer one of our systems audits.

Probably, right now it would be the water quantity audit that we would defer for a period of a couple of months, which would allow us to reallocate the financial resources over to do this work.

7:40

Ms Blakeman: So this is the alternate. If the committee does not approve the additional \$85,000 to cover the cost of the contract, then the choice that's being suggested by the Auditor General is that the systems audit of the water would be delayed by several months.

Mr. Dunn: By a couple of months. That's right.

Ms Blakeman: Thank you.

The Chair: Thank you for pointing out some important details, hon. Blakeman.

On to hon. VanderBurg, followed by Pannu, Marz, Cao, and Ducharme, and you can tell me if I should add to the list.

Mr. VanderBurg: Fred, Laurie brought up my first question. My second question would be: would Calgary Lab Services have the opportunity to appear in front of Public Accounts?

Mr. Dunn: They would as part of the Calgary health region. The Calgary health region will be the parent organization. This would be wholly owned, so they could be part of the Calgary health region should it appear before the Public Accounts Committee.

Mr. VanderBurg: Is this their only spinoff company, or do they have other shell companies?

Mr. Hug: I'm not aware of any other ones.

Mr. VanderBurg: Thank you.

The Chair: Thank you, George.
Raj.

Dr. Pannu: Thank you, Mr. Chairman. Mr. Auditor General, you mentioned that the Calgary health authority will be acquiring 100 per cent of the interest in this Calgary Lab Services.

Mr. Dunn: They already have acquired it.

Dr. Pannu: Yes, but did they have a partial interest in it before acquisition, and what was the scale of it?

Mr. Hug: It was just under 50 per cent. I think it was 49.9 per cent.

Dr. Pannu: Oh, I see.

Mr. Hug: That would have been disclosed on their financial statements in a prior year.

Dr. Pannu: How long has Calgary Lab Services been around as a company?

Mr. Hug: I'm not sure.

Ms Blakeman: I think it was created when it was devolved out. When the lab services were devolved out, that's when it was created, and now they've basically bought it back.

Dr. Pannu: Second question: any time lines on it? How soon is it likely to be completed?

Mr. Dunn: That's why the importance to get this approved, and then our entitlement to engage the agent to do the work is that they wish the audit to be done before the March 31, '07, year. So there will be a stub period because the acquisition took place in this current fiscal year and due to the auditing.

Dr. Pannu: Thank you.

Mr. Hug: It would have to be completed by the end of June.

Dr. Pannu: I see.

The Chair: And that, indeed, is why we're all here so bright and early, to engage them before the end of this month. Correct?

Mr. Marz: In your presentation you talked about taking over the audit of the Calgary health region. Do you have any idea what corresponding savings there would be because they're getting an audit right now? For a government auditor to do it, there should be a savings at the other end of it, shouldn't there?

Mr. Hug: So your question was: who did the audit of Calgary Lab Services?

Mr. Marz: What was the cost of the audit before?

Mr. Hug: I'm not too sure. It was audited by Ernst & Young before. So the plan would be, as Mr. Dunn indicated, that we would engage, if approved, Ernst & Young to carry on, in effect, doing the work that they were doing. So there wouldn't be any learning curve per se. You know, Ernst & Young has a history with the organization and for all intents and purposes would carry on presumably doing the audit in much the same way although with some oversight from our office then.

Mr. Marz: But since the health region gets funded by the government, there should be a corresponding savings someplace in the system if we're putting more money through the Auditor General's budget today.

Mr. Dunn: Maybe I'll have to explain this. The agreement with the health regions at the time of regionalization was that they would be able to have input or appoint their own auditors should they choose. The minister of health is entitled to help there to appoint the Auditor General, or they can appoint the Auditor General. If they appoint the Auditor General, of course, it must come through the budget, which is approved by the standing committee. In this case, this was not part of our budget last year because we weren't going to be the auditor. When we engage the agent as our assistant to do the audit, of course, they bill us, and then we have to pay the audit fee. If we're not engaged, then of course we don't pay the audit fee; it doesn't come out of our budget. Then it comes out of the health region's. So the money would come out of either my budget and come through or it will be paid directly by the health region.

You're right, Richard. The money is going around in a circle, but at the end of the day it still must now come out of our budget, which was not initially contemplated. The total overall fee for the health region is approximately . . .

Mr. Hug: Two hundred and forty thousand dollars, I would say.

Mr. Dunn: And this would be in addition to it?

Mr. Hug: This would be in addition to it.

Just going back to your question about the cost, in prior years the audit fees to audit Calgary Lab Services would have been obviously included in their costs, and the region would have been picking up their share, in effect 49.9 per cent of those costs. Essentially, what's happening now, since they own a hundred per cent of it, is that they're now going to be picking up a hundred per cent of those audit costs.

The Chair: Thank you, hon. Marz.

Hon. Blakeman, I do have you on the list, but first I have Cao and Ducharme.

Mr. Cao: Thank you, Mr. Chair. I sense that it is needed, so just off the bat I'll support you on this request.

My question is more of clarification. I was at the lab when they opened in Calgary. When you talk about audit, this is more like financing. But like hon. Blakeman said about the system, I'm talking about the security. There are a lot of tests, bacteria, and germs, a whole bunch of things. Who is going to do that audit?

Mr. Dunn: What we are talking about here is strictly the financial statement audit.

Mr. Cao: I understand that.

Mr. Dunn: That's all we're talking about, the financial statement. Should we end up taking on this audit and it becomes part of the health region, of course we do have that opportunity to do systems audits should we have the resources and availability to go in and do that. But there's nothing in our plan right now to do any sort of auditing of their systems, of their operations. This is strictly the financial statement audit for the end of the fiscal year.

Mr. Cao: So just to follow up, that means that we will see some other request when you do the system audit?

Mr. Dunn: When we appear back in, generally, December for the approval of our budget, we describe the areas that we plan to do systems audits in, and should we believe that this is an important area to look at, we would then put that on our schedule of systems audits. But we have nothing in our plans right now.

Mr. Cao: Thank you.

The Chair: Thank you, Wayne.

On to Denis Ducharme.

Mr. Ducharme: Thank you, Chair. If I understand correctly with the letter that's been presented by the Auditor General's office, you're basically asking for, I guess, one, permission from the committee in terms of being able to do the audit, and the second point is the \$85,000 additional to your budget.

In discussions that I had yesterday with the minister of health, it's my understanding that if there are any further audits that are initiated by the health region, it would be for the health region to cover that expense and not to have to come back. If it was an audit that was initiated by yourself, then that would be something that would have to come out of your funds. So, yes, I'm in favour of you in terms of

going forward and doing the audit. However, the Calgary health authority can pay the \$85,000.

Mr. Dunn: Just to clarify that. When we're the appointed auditor and we engage the agent, we have to write a contract with them, so the agent does bill us. We're not looking for an \$85,000 increase in our budget. That's not what we're doing. What we're asking for is that we can engage that agent, pay the contract out of our current allocated funds. That's what is contemplated under section 11(b). In fact, there's an old standing order back in 1995 that with the consent of the Auditor General, as signed by the old committee, we can undertake those. But I thought it would be important to bring it to your attention that we are going to obviously undertake this obligation with your consent and approval. If you said no, then I would say no. We're going to undertake that contract, but we will end up having to make that payment on that contract.

Mr. Ducharme: So I guess it's very convenient for the Calgary health authority to ask you to do the audit because they don't have to pay.

Mr. Dunn: You're right. The dollars will come around through our budget. The concern is that I have to pay that \$85,000 out of my budget.

Mr. Ducharme: You're paying the \$85,000, but in turn you will receive the \$85,000 back from the health authority.

Mr. Dunn: Remember that in the construct of our budget that \$85,000 doesn't come into my budget. That goes to the Minister of Finance, into general revenue. So it is a draw on our total resources that are approved by the committee. The billing that the Calgary health region will now pay us to a hundred per cent goes to the Minister of Finance.

7:50

The Chair: I thought we would be getting to that point at some point. Thank you, hon. Ducharme.

Hon. Blakeman, back to you. Any others care to be added to the list? Okay. Thanks.

Ms Blakeman: Ernst & Young is a very reputable firm, of course, and I'm alive to the fact that this is an attest audit that's been ordered. But I'm wondering if the Auditor General can offer an opinion on having the same audit company auditing the Calgary health region, being the previous auditor on record for Calgary Lab Services, and now continuing on as Lab Services is brought back underneath the regional health authority. Can you offer an opinion on whether there's risk involved in this or whether this is, in fact, a good move? I'm just wondering if we shouldn't be changing companies. But let me know.

Mr. Dunn: Okay. In direct answer to your last point, no, we should not be changing, not at this time because this is late in the year. As Jim has indicated, they've got experience with the authority in the past. This would be the right time to engage them. After the completion of that audit – and, of course, as Jim said, we'll be overseeing it – that would be the time for us to reflect on whether or not there should be a change in auditors as the agent of the region and its subsidiary.

Ms Blakeman: Can you offer an opinion on any risk that would be inherent in that set-up with the linkages between the three entities: the previous entity, the one now, and the region?

Mr. Dunn: As you mentioned, they are a large, reputable organization with many skilled individuals in it. Our preference would be to engage that firm rather than starting out with a brand new auditor to pick that up. I think that the least risky proposition is to use them this year. Once it is completed and we've had a chance to see their performance, et cetera, then we'd reconsider as to whether or not that would be the right continuing auditor.

Ms Blakeman: Thank you.

Mr. VanderBurg: Mr. Dunn, I'm leaning towards rejecting the request because nothing will change. The health authority will then hire Ernst & Young for \$85,000 and pay them directly, right?

Mr. Dunn: They would have to have an auditor. That's right.

Mr. VanderBurg: So what's the downside of rejecting your request?

Mr. Dunn: I guess the downside is that we are not then placed to be the appointed auditor of that entity at this current year-end. Should we become the appointed auditor next year, then we would become more involved in it. To be very blunt, George, I don't think there's an awfully big downside to it.

Mr. VanderBurg: Thank you. You've answered my question, confirmed my vote as well.

The Chair: Thank you for asking the question.
On to hon. Coutts.

Mr. Coutts: Thank you very much, Mr. Chairman. Mr. Dunn, you've talked about closing the loop for this particular year in view of the acquisition of a hundred per cent by the Calgary health authority, which, in turn, has set up the numbered company. In future years when it comes to auditing the Calgary health authority, will that numbered company be part of the Calgary health authority, or will we be faced with doing separate audits again? Are you going to be faced with this same kind of dilemma in future years?

Mr. Dunn: That's a very good question. We would in the future look to incorporate it in as part of the Calgary health region's overall budget, that we'd be bringing forward to the committee at that time. So we would propose that should we be asked and be approved to do the audit in the future, we would incorporate it into our future request then.

Mr. Coutts: That would be your recommendation to them.

Mr. Dunn: Yes.

Mr. Coutts: Okay. Thank you very much.

Mr. Hug: Perhaps I could just add to that. At the last audit committee meeting with the Calgary health region there was some discussion about the ongoing need for some legal structure around Calgary Lab Services, and sort of an unanswered question was whether or not they could actually dissolve the numbered company and just absorb the operations of Calgary Lab Services into the health region. So it's quite possible that in the future – I don't know exactly when – the numbered company could disappear, and we would just audit those activities as part of the audit of the health region.

Mr. Coutts: Yeah. That was the reason for my question: why have they set this up as a numbered company? I guess that if the Calgary health authority was a 49 or a 51 per cent shareholder, I can see how they had to set that up, but I was just worried about the future.

Thank you very much.

The Chair: Thanks, hon. Coutts.

Fred and Jim, I think we're almost done. I do have one more person on the list. Thanks for your patience, and thanks for the patience of the Ethics Commissioner outside, who's waiting on an issue to be dealt with very shortly.

Raj, I believe you might be last here.

Dr. Pannu: I've been thinking about the pros and cons of the request. I think that in terms of any additional costs I don't see any downside. It's a question of how we circulate that money. The taxpayer will not have to bear any additional cost as a result of this request. On the positive side, it's the oversight by the Auditor General's office, which is very, very important, in my view. I'd be very much in favour of proceeding to vote for this request because there's a positive side to it without any additional costs to be incurred.

The Chair: Okay. Well, thank you, everyone. Once, twice, gone.

If members are agreeable in this circumstance, we could hold our decision in this respect until the end of the agenda, which is coming up quite shortly, and proceed with our next item, being Mr. Hamilton, the Ethics Commissioner, and Miss South, senior administrator, since they're in attendance and they're ready to proceed. Is that the will of the group?

Mr. Flaherty, did you have a question?

Mr. Flaherty: I was going to say: why don't you deal with the question now?

The Chair: The Ethics Commissioner is waiting.

Mr. Flaherty: I've known him a long time. He can wait five minutes.

The Chair: This debate may take a little bit more than five minutes. I hope it doesn't because I think we can have a motion and vote on it.

You're okay with seeing the Ethics Commissioner and just entertaining two motions before we go? Do I need a show of hands? Those in favour of waiting for the motions until after the Ethics Commissioner, could you raise your hands? Those who would like to deal with it right now? Well, it looks like we're going to deal with it right now.

And we're happy to have the gentlemen and the lady stay. Welcome to you, too.

It looks like George VanderBurg is ready to make a motion.

Mr. VanderBurg: I move to deny the request.

The Chair: I'd like to open the floor to any debate if there is any in addition to what we've already said. Anyone care to say anything other than hon. Marz?

Richard, the floor is yours.

Mr. Marz: I believe I support the motion because I don't have a level of confidence that that money would end up back in government coffers. It would be an out, and the Calgary health region may

end up \$85,000 richer. I just don't have the comfort zone that it's going to come back. We'll deal with it next year, when we take over the total audit. I think that would be a better way to deal with it. So I support the motion.

The Chair: Okay. Thank you, sir. We have two people voting for the motion.

Anyone else? Question? Clarification? We're going to put this to a vote right after Denis Ducharme unless there are others. Any discussion? No?

Mr. Ducharme: If the request was denied, could it be set up with a disclaimer in terms of advising the Calgary health authority that the committee would certainly entertain, as the operation folds into the health authority, that next year it would be incorporated into their audit?

Mr. Dunn: Certainly.

Mr. Ducharme: So could we add that to your motion, George?

The Chair: It looks like discussion has wound down. Karen, do we need to read the exact motion as you've now amended it?

Mrs. Sawchuk: I'm going to wing it, Mr. Chairman. The motion is by George VanderBurg, that

the Standing Committee on Legislative Offices deny the request from the office of the Auditor General to act as auditor for 703590 Alberta Incorporated, a request made in accordance with section 11(b) of the Auditor General Act, and that the request can be brought forward during the 2007-08 budget estimates for the Calgary health authority.

The Chair: I'll just ask one question, if I may, because I haven't yet. It's not that I need to have my name in there, but again the only disadvantage that you see, Mr. Dunn, would be what?

8:00

Mr. Dunn: The only disadvantage of us not doing this audit directly and engaging? To be very honest, I don't see much of a disadvantage for us doing this.

The Chair: Right. I heard it before and just needed to hear it one last time. Thank you.

Then I believe that we can proceed with the vote as read. All in favour, please raise your arm. Okay. Those opposed? Okay. Do we need those noted? No? Okay. Then the motion as worded has been carried.

Mr. Dunn: Well, thank you very, very much.

The Chair: Thanks for nothing, he says.

It looks like we're taking a two-minute break for coffee.

[The committee adjourned from 8:01 a.m. to 8:03 a.m.]

The Chair: On to our next item. It was 3; it's now 4. We're almost there. Office of the Ethics Commissioner: 2007-08 Budget Estimates, Addition of Funds to Cover Costs for New Responsibilities under Lobbyists Act. As all members are aware, Bill 1 addresses the proposed Lobbyists Act and the responsibility for this statute, which will reside with the office of the Ethics Commissioner. Members have a copy of the funding proposal in their meeting packages. This committee is responsible for the review and approval of the budget

estimates for the officers of the Legislature. The committee approved the 2007-08 budget estimates for the officers at its December 13, 2006, meeting.

Laurie, were you hoping to get first on the list, or were you hoping to speak before I turn it over to Mr. Hamilton and Ms South on the issue?

Ms Blakeman: I have, I suppose, a procedural question. Given that the Lobbyists Act hasn't even had second reading yet, never mind passed, I'm curious as to the timing of the request to receive money to implement a bill that hasn't passed the Assembly yet. I note that with the majority that the PCs currently have, if it's their bill, it's likely to pass. However, it's not even on the Order Paper this week. The only bill on the Order Paper is not Bill 1. So I'm curious about the timing of approaching the committee for funding to implement an act that in fact hasn't received second reading yet.

The Chair: Okay. It's a very, very good question. I believe, honestly, that if we turn it over to these two, they'll be addressing that early in their remarks. Will you, or would you like to just proceed with your presentation?

Mr. Hamilton: Well, you can tell us if you want to wait.

The Chair: Okay. I'm seeing a few hands.

Mr. VanderBurg: Well, we can deal with it easily, you know, in the motion. If Bill 1 passes, we could pass the budget. That way we can just do it ahead of time.

Ms Blakeman: I'm just interested in the timing.

Mr. VanderBurg: Because I can't recall a Bill 1 ever not passing.

Ms Blakeman: Well, yes. Given your majority, yeah.

The Chair: Go ahead, Denis Ducharme.

Raj, did you want to get on the list after hon. Ducharme?

Dr. Pannu: After, yes.

Mr. Ducharme: Thank you, Chair. I guess that I had the same questions to ask of the Auditor General. The fact is that we don't really know. There could be amendments that could take place in regard to this piece of legislation before it's passed. There's also the concern in terms of timing as to when it may be passed and proclaimed. The fact is that when you look at the background in regard to Bill 1, there's reference that the regulations are going to be done by an all-party committee. Chances are, I think, that that work would probably be done between the spring and fall session, with the passing of the legislation in the fall.

The other concern, I totally understand, is that you've got to be prepared. I'm certain that it's going to be a piece of legislation that will be passed. It is the Premier's number one bill. There will certainly be an education component that you'd probably have to gear up with in terms of being able to inform Albertans as this progresses. The question I'd have for you, number one, is: are there any of the ministries in the government that have been in consult with you in regard to preparation for this bill?

Mr. Hamilton: Yes.

Mr. Ducharme: Okay.

The other issue of concern that I've got is that – I don't know – all of the other departments right now along with this committee have basically submitted their 2007-2008 requests. I'm sure that the Finance department is probably in the process of finalizing everything. I'm just wondering if rather than adding it to the budget now, to force the Finance department to have to rejig, maybe this could be better addressed as a supplementary estimate later in the fiscal year.

The Chair: Can we turn it over to you for answers to these questions and whatever you want to present? I think it's fair that you tell us what you came here to tell us.

Ms South: I did have some discussions with Finance over the timing of the budget submission because I also had the same concern, that the legislation had not been passed, so would it be more appropriate as a supplementary estimate? I was told that when it is expected, there may be a requirement for public expenditures. When you know that there may be a requirement, you are required to put it into the budget, and that is in part to avoid supplementary estimates. So when you have reason to believe that you will be expending public funds, you do it at the beginning of the process.

Mr. Magnus: If you know it's coming, and you don't put it in, you'll be in a lot more trouble.

Ms South: This is what I was advised by Finance. They, too, have that concern, and they're contemplating how they put in the budget documents themselves the note that this is subject to the passage of Bill 1 and proclamation, I would assume.

The Chair: Karen, just before you continue, if I might add that staff has worked with Finance on this.

Denis Ducharme, who started a question or two here, did you want to just continue with that, and then we'll turn it over to you?

Mr. Ducharme: If I could. Okay. Thank you very much for clarifying that, Karen.

The other question I had is: because of the lateness of this legislation coming into place, I see that you've got a request for an additional \$451,000 for this fiscal year?

Mr. Hamilton: Uh-huh.

Mr. Ducharme: I'm seeing that from the difference to the second and third year there's approximately, I'm assuming, \$176,000 for office set-up, getting education materials, et cetera, included in this budget.

Mr. Hamilton: Uh-huh.

Mr. Ducharme: Okay, you've answered the question that we know it's coming, so we should have it there, but do you think the full \$451,000 is required for this fiscal year?

Mr. Hamilton: Uh-huh. I think so.

The Chair: If only we had answers like that in question period, some people might be saying. Short and sweet.

Karen and Don, did you care to present anything else?

Ms South: There are some processes that can run simultaneously: the passage of the legislation and then the work on the regulations. Once we have the passage of the legislation, our office could then at

least advertise for the lobbyist registrar's position. The lobbyist registrar could begin work on the web-based application that will be used for the registry. Obviously, that will take an awful lot of time and will depend in part on what is in the regulations.

8:10

The Chair: So just to make sure, are you just entertaining questions and answers rather than presenting?

Mr. Hamilton: Well, you have it there in front of you, and it's pretty simple. We have to hire a person. We have to find that person who is going to be the registrar, and we want to have monies to send him or her to a conference and perhaps spend some time in Ontario seeing their system.

The Chair: Okay.

Mr. Magnus: Don and Karen, the only question I've got for you is that it's all under contract services. You've got \$300,000 this first year and \$100,000 the next. It's a \$200,000 difference from year to year. Why are we contracting all this out, and what are we contracting out for an extra \$200,000 in the first year?

Ms South: That is what we've been advised would be the cost of creating a software package for the registry.

Mr. Magnus: So the \$200,000 is a software package? Why is it under contract services, then?

Ms South: It is on that separate sheet which was done earlier. I was advised by Finance that it has to be put under capital expenditures and is treated as an asset and will have amortization in future years.

Mr. Magnus: The software package is \$300,000? It's all of it?

Ms South: Two hundred thousand dollars.

Mr. Magnus: Two hundred thousand dollars. So what's the other \$100,000 for in contract? What do you normally have under contract?

Ms South: In the event that the registrar needs to obtain legal advice, assistance in conducting any investigations, any other contract services that the registrar might require.

Mr. Magnus: So this is a yearly thing, this hundred grand?

Ms South: It may be.

Mr. Magnus: I just don't get why it's under contract services. I'm not sure where it goes, but it doesn't look like it goes under contract services to me. Do you know what I'm talking about?

Ms South: On the portion that we broke out for lobbyists?

The Chair: Karen would like to jump in. She may be able to help in this circumstance.

Mrs. Sawchuk: Mr. Chairman, I think maybe just for clarification purposes, you know, where a lot of the other officers' offices have in-house staff to complete a lot of the work – everything from in-house legal counsel, HR services, everything – the Ethics Commis-

sioner's office does not have that. All of their administrative services are contracted out in some way, shape, or form.

Is that not correct, Karen? I think that kind of helps a bit with an explanation there.

Ms South: It's true, and contract services is one of the larger elements of our own budget. We do pay the office of the Information and Privacy Commissioner for IT support, payroll, accounts payable, and legal counsel.

The Chair: Okay.

Any other questions, comments, clarification? Raj, you're on the list, and I believe you're the last one.

Dr. Pannu: Thank you, Chair. I suppose that my concern is with respect to procedure as well. The bill is certainly introduced. I understand that it's one bill that's going to go for study before one of those four new committees that we're going to strike, I guess. At least, that's what I've heard. So it's going to be some time before this bill goes through various stages of study and debate and is passed and becomes, in fact, a law of this province. To be putting money in place in anticipation of the passage of the act, which may take a couple of months, seems strange to me.

Secondly, between the passage of the bill through the Legislature, becoming a statute, and its proclamation usually there is a lag of anywhere from several months to years sometimes. In this case I know that probably it'll be rushed through. It'll be perhaps sometime in the fall that the act will be ready to be proclaimed. So there is a question of timing. That's very important, in my view. I think that needs to be addressed.

I have an additional question to the commissioner. When is the appointment of the person who will be responsible for the enforcement of this act likely to be made? What's the contemplated date for the appointment of the person?

Mr. Hamilton: Well, we haven't got a date. You're getting us starting to find the person that we need.

Dr. Pannu: Well, I raised the question precisely because of that. I mean, I don't know if in the committee's mind you can be legally authorized to in fact start looking for a person before the act does pass. It's really a question of legality here. Can the committee authorize what as a matter of fact has not been authorized by the Legislature yet, which is the passage of the bill so that it becomes a statute? Can we, in fact, authorize an officer of the Legislature to proceed, in the absence of prior approval of the bill into an act, to make arrangements?

Mr. Magnus: You're not going to actually hire the person until the act is passed, right?

Mr. Hamilton: Yes.

Mr. Magnus: There you go. So this is just getting ready for it.

The Chair: If I may say, hon. Pannu, the fact is that funds are returned to general revenue if they are not utilized for their designated purpose. That's one issue, and the other is that it's not up to us, of course, to directly tell them who to hire, right? So this is being proactive.

I do have Cao and Coutts on the list, but I think Karen would like to point something out here before we get to Wayne and then Dave.

Ms South: It is also possible to proclaim certain sections of the act in force before the entire act is. That is what happened with the Conflicts of Interest Act. Sections creating the office itself were proclaimed in force several months, almost a year, before the entire act was in force. The act also designates the commissioner as the registrar. So that section could be proclaimed so that the registrar itself, the functions, could start once they got that section proclaimed. It certainly was not our intention to advertise for the registrar position until both the legislation had passed and the budget had been approved.

The Chair: So if we're hearing you correctly then, just to clarify, the downside of not passing this today is that there could be issues in recruitment of staff, training staff, software, and so on. Is that correct?

Ms South: Our current office budget would not accommodate an additional person.

The Chair: Okay. Thank you.
On to Wayne, then Dave.

Mr. Cao: Thank you very much, Mr. Chair. My question is more on the timing of it. There's no legislation, but what we're talking about here is that we have a bill and then anticipating that it will be done by midyear, that means there's only half of the fiscal year to do the work. So the number you provided here: is that the full year or just half of the fiscal year?

Ms South: It is the full year. Yes. Obviously, if we're not even hiring until, for example, this summer, we would not be using a full salary, but we also do not know whether the registrar will require additional staff. We will not know until we hire the registrar what skill sets in terms of administrative support that person might have.

Mr. Cao: So my follow-up question is: let's say we start by March next year. I mean, the span is six months, right? You say full year, but then by March this year that money probably is returned back.

The Chair: Thank you. Hon. Coutts.

Mr. Coutts: Thank you very much, Mr. Chairman. Mr. Commissioner, we seem to be caught up in timing on this, but at the same time you're telling us that you need time also, on the other side, to prepare for recruitment, training so that when the act is proclaimed, you're up and ready to go. There's no lag time between the actual time that lobbyists start to register, and you don't have that void and any misconception that your office, that has been designated in the legislation, isn't prepared for this.

8:20

I have no problem approving this subject, of course, to the fact that if the dollars aren't expended this year, they go right back to general revenue. I think being prepared for this piece of legislation is the most important thing. The management and the staff and the backup staff that is needed for a successful implementation of a very important piece of legislation is necessary.

My real question is: we're talking about timing here, and you talk about the software. Are you looking at software that is already in place, or are you needing the dollars now and the time to set up software that would apply to this particular piece of legislation? If so, how long do you think it would take to develop that software to implement this act, this special Alberta act?

Mr. Hamilton: Karen has been down in Ontario and looked at what they do, so maybe you can tell them.

Ms South: Ontario did offer their software to us at no charge. I understand that Service Alberta did look at it, and they have concerns with it because it is a certain computer application that they believe does not apply here. So we are looking at probably obtaining a copy of theirs to use as a model but having it fully developed here from scratch.

Mr. Coutts: Have you done any work with companies to see what length of time it would take to develop that?

Ms South: I have not.

Mr. Coutts: Okay. Thank you.

Mr. Hamilton: You should remember that we have one full and a half employee, and that even though we're going to have more money, I still am a part-time person.

The Chair: Right. Thank you for that. That's the end of the list, and I wondered if hon. Coutts was moving towards making a motion that this committee approve the amount. I'm not sure if hon. Dave Coutts is ready to do that for sure or not. I see that he's glancing over some notes.

Mr. Coutts: I would move that the Standing Committee on Legislative Offices approve the additional \$451,000 to the '07-08 budget estimates for the office of the Ethics Commissioner to cover anticipated costs related to the proposed Lobbyists Act under the provision. I just make it public that if the dollars are not needed, they go back into general revenue.

Mr. Magnus: They would anyway. You don't have to say that.

Mr. Coutts: I realize that. But if you heard what I said, it's just to make sure that it's on the public record again.

The Chair: We know that, but this way all Albertans who are diligently reviewing the notes of this meeting will be aware as well. Now, there have been a fair number of questions and answers. Is there cause for further debate on this topic?

Ms Blakeman: Well, I understand the air of entitlement that members of the government feel, but I still have some concerns about the legality of passing a motion based on an act that is past first reading in the Assembly. So I'm hoping that the mover will add the obvious change to his motion to incorporate the passage of the act rather than leaving that. I think we've left ourselves open to some legal implications there.

The Chair: We'll go ahead and do that.

Mr. Coutts: And I would agree to "subject to the passing of the act."

The Chair: So we can either include that, ladies and gentlemen, or does the word "proposed" not take care of it? Do you want to add it in? So before we vote on this, we will have one final reading. Anyone else other than hon. Blakeman to comment or question?

Mr. Ducharme: I still have a concern in regards to going forward

to put the dollars in place for a piece of legislation that hasn't been passed, hasn't been debated yet, and could have a lot of amendments. So if we go forward and start working on a software program today, it may not reflect exactly what the legislation will look like at the end of the day. I think it's just premature. It's not to say that we can't get dollars later through supplementary estimates. I think that we're just jumping the gun on this one at this point in time.

The Chair: So crossing the line from proactive to premature, perhaps?

I saw Karen kind of nodding her head horizontally. Would you like to instruct us if we're on the wrong track?

Ms South: It certainly would not be our intention to start working on the software before the act was passed or possibly even before a registrar is in place.

The Chair: So you're just firm in your appreciation that this is proactive, and you would do what's appropriate at the appropriate time. But you have no wiggle room. There's only one and a half of you, and you need this to be ready, pretty much. Okay.

I see two more hands all of a sudden: Cao and Pannu.

Mr. Cao: Well, I just want to use my previous experience in corporation. We would not spend the money and develop software until we received the specification of what that is. We would also have the budget in this kind of situation for the anticipation of things coming. So this is really a common practice in the corporate business world, and I think that's giving you that experience.

My view is that the money is always there, and we will not start the work until we receive the details of what the legislation is. That's really common sense. So it's not that people go out and buy software and call a programmer to develop software. On what? It has to have something to develop for. I agree with the Ethics Commissioner's office that that is the way to handle the business.

Thank you.

The Chair: I have a question, just before we get to Pannu and Marz, to see if this will be at the pleasure of the group. The motion would read this way: Mr. Coutts moved that the Standing Committee on Legislative Offices approve the addition of \$451,000 to the 2007-2008 budget estimates for the office of the Ethics Commissioner to cover anticipated costs related to the proposed Lobbyists Act, subject to the passage of the act. Okay?

So I have Pannu and Marz. I want to have people heard, but I also want to move on as soon as we can.

Dr. Pannu: The very last part of the motion before us, which makes reference to the subject of the passage of the act: does that therefore imply that if we authorize the budget today, not a penny will be spent until the act is passed by the Legislative Assembly? Do we interpret it that way?

Mr. Magnus: That's the way I interpret it.

The Chair: Yeah. It looks like every head is nodding in agreement. That's all, Raj?

The last word to Mr. Hamilton, then Mr. Marz.

Mr. Hamilton: We have worked hard to get people to see that we have to have it, and we want to make some changes, if we can, as we go along. We, I guess, are anxious to get going, but I understand why you can't do it today. We will be working on it until we can get the money from you.

The Chair: Understood. Thank you, sir.
I think, Richard, you're last on the list.

Mr. Marz: Dr. Pannu made my comments. That would be that the last phrase, "subject to the passage of the act," limits the office pertaining to any expenditures till it's passed.

8:30

The Chair: Well, I think that the conversation has come to a close, then. Folks, do you need the motion read one more time? Yes, you do? Okay. So we have the request. Karen, can you read it?

Mrs. Sawchuk: Motion made by Mr. Coutts that the Standing Committee on Legislative Offices

approve the addition of \$451,000 to the 2007-08 budget estimates for the office of the Ethics Commissioner to cover anticipated costs related to the proposed Lobbyists Act subject to the passage of the act.

The Chair: Thank you. All those in favour? Those opposed? That motion is carried.

Mr. Hamilton: I can just tell you that when the government was going to allow that, they were going to put it in a department. We made a presentation to say that we should be doing it, not the government, and they agreed to that.

The Chair: Thank you.

Mr. VanderBurg: Just a question to the Ethics Commissioner: what kind of qualifications would you be looking for the registrar to have? When you went to Ontario, was the registrar a lawyer, an accountant, you know, a past opposition MLA?

Ms South: The registrar in Ontario is my counterpart. She is the administrator of the Integrity Commissioner's office. She has told me that it takes up less than half of her time. Originally, it had been my intention to do most of the functions of the registrar in our office. For succession planning purposes I believe we need to bring in another manager in our office so that we have corporate memory when I leave, so we will be looking for a senior manager for the office obviously with some strong communication skills because we believe that they will be dealing with a wide range of people, possibly legal training if not an active lawyer because there's an

awful lot of interpretation that will be required in both developing, advisory opinions, interpretation bulletins, conducting the investigations, and with IT expertise.

The Chair: Hon. George, I appreciate your pushing us into the last section before we adjourn, that being Other Business. I saw Laurie Blakeman's hand. Is there anyone else who wants to get their name on the list before we make a motion to adjourn?

Ms Blakeman: Actually, this is still back on the previous topic. I just wanted to make the observation in rebuttal to Mr. Cao's comments that decisions wouldn't be made on things like software development. In fact, we've already heard this morning that a decision has been made on the software development in this particular case in that we could have had a free version of it from Ontario, and Service Alberta had already nixed that. So a decision has already been made on the parameters of what we're doing here. You know, it came before Service Alberta, and they made a decision that they weren't going to take the Ontario version. We don't even know what our act is going to look like in the end, and they've already made a decision that the Ontario one doesn't work. So just a gentle rebuttal.

The Chair: To which Mr. Cao might say: they were shopping but not buying. Is that fair?

Mr. Cao: Exactly, Mr. Chairman.

The Chair: I think we're almost done. Ladies and gentlemen, at the risk of doing something personal here, I want to thank and congratulate the person on my left. Karen's been through a challenging time with a family illness in the last two weeks now, and she's been a real trooper in getting things organized for this meeting. I want to commend you, Karen.

The next meeting will be at the call of the chair, as we often do in this committee, if that's all right, and we'll give you as much time and as humane an hour as possible.

Before you leave, though, who would like to make a motion to adjourn? It looks like Pannu and Magnus and Marz; everyone else is ready to go. Anyone opposed?

Thank you again, everyone. Cheers.

[The committee adjourned at 8:35 a.m.]

