

Title: Wednesday, November 28, 2007 Legislative Offices Committee

Date: 07/11/28

Time: 6:18 p.m.

[Mr. Rodney in the chair]

The Chair: I would like to call the meeting to order now, please. We'll have everyone identify themselves. I wonder if the person who represents this constituency would like to start us off because that's always one of our favourite parts of these meetings. I don't know what she's going to say considering the weather conditions, though.

Ms Blakeman: It's one of my favourite things, to welcome everyone here to the fabulous constituency of Edmonton-Centre. A little brisk today, I'll admit, but you know, we're Albertans; we can do this.

Laurie Blakeman, Edmonton-Centre. Everyone, welcome.

Mr. Flaherty: Jack Flaherty, St. Albert constituency.

Mr. McFarland: Barry McFarland, Little Bow.

Dr. Pannu: Raj Pannu, Edmonton-Strathcona.

Mr. VanderBurg: George VanderBurg, Whitecourt-Ste. Anne.

Mr. Marz: Richard Marz, Olds-Didsbury-Three Hills.

Mr. Ducharme: Denis Ducharme, Bonnyville-Cold Lake.

The Chair: Dave Rodney, Calgary-Lougheed.

Mrs. Sawchuk: Karen Sawchuk, committee clerk.

Mr. Coutts: Dave Coutts, Livingstone-Macleod.

Mr. Hamilton: Don Hamilton.

Ms South: Karen South, office of the Ethics Commissioner.

The Chair: Thank you.

Just a quick note to confirm to members that the meeting materials were posted on the committee's confidential internal website last Thursday, the 22nd of November, and Karen does have extra copies here of the documents this evening if you do require them. Does anyone require that at this point? I see binders everywhere. Okay. Good.

So on to point 2, Approval of Agenda. Would any member like to move adoption of our meeting agenda, please? Jack Flaherty, I saw your hand first. We don't need seconds. Moved by Jack Flaherty that the agenda for the Wednesday, November 28, 2007, meeting of the Standing Committee on Legislative Offices be approved as distributed. All those in favour? Anyone opposed? That passes.

Point 3, 2008-09 Budget Estimates and Business Plans for the Officers of the Legislature. I word a lot of this this way because we want to get this on *Hansard*, so bear with us. We'll be moving on to budgets and business plans for the officers.

I'd certainly like to welcome once more our fine Ethics Commissioner, Mr. Don Hamilton, to our meeting and, of course, Karen South, the ever-capable senior administrator from that office. I understand, Don, that after the presentation you have a matter that you wouldn't mind discussing in camera. We can certainly accommodate that.

Mr. Hamilton: No.

The Chair: No? Oh, then that's just fine.

We will start, though, with your budget and business plan. Was it a 15-minute presentation or less that you had, something like that? And then approximately the same for questions and answers.

Mr. Hamilton: Probably three minutes.

The Chair: Three minutes would be less than 15. Excellent.

Mr. Hamilton: Well, we don't have much of a budget.

The Chair: If the committee's in agreement, we'll leave motions arising from the budget and the business plan submissions until the end of the meeting.

Now, that's more than enough from me. We will turn it over to you two. Thanks again for being here.

Mr. Hamilton: Well, thank you for the opportunity to meet with you and discuss the budget. You will note in our business plan that I mention that my contract expires at the end of May '08. I will not be asking this committee for a second term. I bring this item to your attention so that provision may be made to have funds in place through the LAO for '08-09 for a search committee.

As promised, we have not expended monies with respect to the lobbyist legislation since the House has not yet passed Bill 1. We have been following the debates and still hope that the bill will pass this fiscal year. If it does, we do plan to make some initial expenditures. We are considering seeking a secondment of a lawyer to serve as registrar. We expect to obtain a domain name and launch a preliminary website with information about the legislation and the role of my office. The registrar would make himself or herself available to interest groups to discuss the legislation and what might be expected of lobbyists. We would also purchase furniture and equipment to accommodate an additional staff person in my office.

We continue to budget very closely to actual expenditures, and that is reflected in part 3 of our submission.

We would be pleased to answer any questions because Karen is really good at it.

The Chair: Thank you so much, sir. I suppose personally, professionally, politically we're saddened by the news. I can't speak on behalf of the committee, but I would like to say that I wish you nothing but the best in a very well-earned next chapter. Yes. Absolutely. How about a round of applause. [applause] Thank you so much.

Who's first on our speakers list? I have Laurie Blakeman to lead off.

Ms Blakeman: Yes. Thank you. I've read through your report, and I appreciate your laying out the goals and the strategies. If I might make a suggestion for next time to have the outcomes or measurements or achievements listed beside that. I sort of had to go back and forth to find where you've actually done it or how many times you've done it, so forgive me if I repeat myself.

In particular, I was looking at the lobbyist registration. Of course, you haven't spent any money on that, but I'm sure you've done some research on it. Under objective 1, create and maintain an online lobbyists registry – I'm referring to page 6 of the submission, by the way, for anyone following along at home. Under the strategies, to contract with a software development firm for an online, searchable registry: I'm wondering what progress has been

made with this. Do we have any idea of cost, compatibility issues, things to watch for, how user-friendly it's expected to be?

Objective 2, the promotion of understanding: develop guides and interpretation bulletins. Did you have a projected distribution date, assuming that it does pass in this fall session?

I think those are the only places where I couldn't find answers to my questions when I went through the rest of your report. Thank you. Oh, sorry. One more.

The budget that is put forward for '08-09, the salaries and wages line: I'm wondering about the number of staff that are included in that budget figure, please.

6:25

Ms South: I'll start with your last question. That's on the second page of the budget document itself where it says number of full-time equivalent employees?

Ms Blakeman: Yes.

Ms South: Just before all of the footnotes? There are four people. There are five employees. Our admin support people job-share, so they are counted as one position. So there would be the commissioner, myself, the lobbyist registrar, and our admin support person.

Ms Blakeman: I'm sorry. Five FTEs, you said?

Ms South: Four.

Ms Blakeman: Okay. Thanks.

Ms South: With respect to contracting for the development of the registry, we have not commenced any work at all on that. That is the \$200,000 figure that we have set aside in the capital project. We did not want to enter into any discussions with anybody because we didn't want to expend any monies because of our commitment to you on that.

With respect to guides, interpretation brochures, and advisory opinions, we have done some work on that. There is a draft guide and some interpretation brochures that we have developed that will need to be amended based on the amendments that have been approved in Committee of the Whole so far.

An Hon. Member: It's out.

Ms South: It's out of the Committee of the Whole? So, yes, they do have to be amended, but I expect that those won't take that much time.

Once the bill is passed, we will be going for a domain name. As soon as we have a domain name, we do have an initial website to launch.

Ms Blakeman: Thank you.

The Chair: Other committee members who have questions or comments, please, unless we are trying to set the record for the quickest in and out for an office. Go ahead, hon. Mr. Coutts.

Mr. Coutts: Thank you very much, Mr. Chairman. Just following on your last comment, Karen. You haven't expended any money, but when the act comes into force, you'll be prepared to go forward and hire the staff and put together the process and the management of the Lobbyists Act. I'm just wondering how long that would take sort of initially. How long do you think it would take to have the

process started and up and running? I think the expectation might be that it's going to be immediate, and I'm sure you can't do that because you haven't had that much time to prepare. Maybe just for the record we could let people know how long it would be before you could actually be up and running and doing the registry.

Ms South: As Don mentioned in his opening comments, we hope to put a person in the position of registrar through a secondment. We have not spoken with anyone about that yet, but assuming that there is someone available for a secondment, we would hope that certainly by January 1 we could have somebody in place. The website itself will be launched as soon as we can get a domain name, which I don't expect would take very long. We would like to maintain the person in the position on a secondment basis until there is a new commissioner.

Mr. Coutts: Very good. Thank you very much.

The Chair: Next is hon. Denis Ducharme.

Mr. Ducharme: Thank you, Chair. The question I have is relating to the travel budget for '08-09, and with the anticipation of the new registrar coming into play, there will probably be a fair amount of education, meetings that will probably have to take place throughout the province. I'm just wondering: do you think you've got sufficient budget to cover that?

Ms South: I'm not certain. I do think that some of the amendments will reduce the number of meetings that might have to take place. I think a lot can also be accomplished by phone calls, having the registrar available to answer questions that way. Hopefully, the registrar can spend some time in the major cities, and perhaps people can meet them halfway.

Mr. Ducharme: Thank you.

Dr. Pannu: Mr. Chairman, just a question on the contract services item. This year you expect to spend about \$50,000 of the \$150,000 that was budgeted. I think it's explained by the anticipated work that you are going to do on the lobbyists registry or what have you, and that's been done. You are now asking for only \$125,000; in other words, less than you had asked for last year. Do you think it will be adequate given that there's a new office that's going to be established? There are all kinds of software/hardware expenditures that will come in on this one.

Ms South: There is in part an offset. One of the things that we will no longer be doing is relying on the office of the Information and Privacy Commissioner for shared services with respect to IT support. We have been given a figure from them for a contract with an outside agency to handle the services; therefore, the expenses that we would incur with that office will be eliminated.

Dr. Pannu: Thank you.

Mr. Marz: Your advertising budget in light of the new lobbyist registry: you don't think you'll be doing any advertising on that at all? You won't in the coming year, you know, anticipate anything?

Ms South: If we are successful in getting a secondment, we wouldn't be advertising for someone for some time, and it's possible that then a new commissioner wouldn't be in place until later in the year.

Mr. Marz: Okay.

Ms Blakeman: Sorry. I forgot one more question. I wondered if you were keeping in mind to make some things available with translations, the most common translations. We have an increasingly diverse population, particularly in the major urban centres, and if you're doing information bulletins, I think it might be helpful if some of them were available in the most commonly used languages. Have you considered that?

Ms South: No.

Ms Blakeman: Perhaps I could suggest that.

Ms South: Taken.

Ms Blakeman: Thank you.

The Chair: Thank you.

Others? No? Well, then, I guess it's my turn, clerk.

If I may refer directly to page 1, the second paragraph, last sentence. "We are not anticipating any additional funding requirements for 2007-08 relative to any proposed recommendations." I put a little happy face and a star beside that, so thanks for that.

If either of the two of you or both of you could comment on this. I'll flip to page 5, and in the spirit, Mr. Hamilton, of perhaps the next one, if I may phrase it that way, the goal of promotion of public trust and confidence in the integrity of MLAs. The first strategy: to accept speaking engagements. I wonder if it's possible in the future, again for the next one, to just change that word to "initiate." Is that something that could be considered, to actually engage and say to a particular group or conference: would it be advisable, appropriate, acceptable if the new Ethics Commissioner were to? Is that something you could entertain?

Ms South: I used to organize ethics round-tables on a monthly basis, and then I went to a yearly basis. And I haven't done those . . .

The Chair: But you'd entertain it for next time?

Ms South: Absolutely.

6:35

The Chair: Okay. Good.

Page 6, really it's both goals: the promotion of ethics generally, particularly items 1 to 3, and then especially item 1 under the lobbyists registration. Would it be fair to ask you to just keep our committee apprised of any updates in that regard? I know that there is attendance at conferences and memberships and initiatives and maintaining registries and so on. Would that be fair, you know, next year, just to have that included? Even if it's just written or oral, whichever you prefer. Because if folks ask us, we want to be able to know what to tell them.

Then I would like to refer back to hon. Coutts and his points about if the new registrar needs a little more in the travel budget, as one example. Could we request that you folks would come to us beforehand for some supplementary funds?

Ms South: Absolutely.

The Chair: Good. Okay.

What I would want to do, then, is just clarify. I'm looking at I guess it's page 10, the budget by object of expenditure, under Salaries and Wages, that first line. Is the bump up, then, simply a function of the percentage increases, or is the registrar part of that?

Is that taken care of already? Okay. Good. So it would, then, still be the total of \$478,655 that you're looking for? I just see that at the bottom of the forecast of '07-08. That's your best anticipation? Okay.

Well, I have no further questions. We'll be entertaining motions at a later date.

I wonder if you folks have any other questions or comments before it is time to get in the air down to Calgary.

Dr. Pannu: Mr. Chairman, I know that you'll be entertaining a motion with respect to the budget later on, but I wonder if it would be appropriate for me to move a vote of thanks to the commissioner. He'll be the outgoing commissioner. He has served his notice to us today. So if it's appropriate, I would like to put on record our thanks for the services that he provided and his good humour when I visit him in his office.

The Chair: Absolutely. I see nodding heads. We don't need a motion to be seconded, but I will ask: all those in favour? I won't ask the other question. I will just thank you again so much for being here. God bless you and good luck.

Mr. Hamilton: It's been a very good thing for me. I respect everybody in the House, and I hope you saw that. There are two reasons why I'm going: to golf in January and February and March and probably half of April, and the other reason is that you're going into a new phase, and it's a good time for me to go. But if you need two more months or – but not till November; I'm gone.

The Chair: Right. I think we understand each other. Thank you again.

Mr. Hamilton: Thank you. It has been an honour for me to do that, and I had a lot of fun and met a lot of people who are just great. Thank you very much. [applause]

The Chair: Excellent. Thanks again. And safe travels tonight.

Shall we take a three-minute recess while we get the Auditor General in?

[The committee adjourned from 6:39 p.m. to 6:43 p.m.]

The Chair: Well, welcome back, ladies and gentlemen. We had scheduled a 6:45 p.m. start with our Auditor General. It looks like we're right on the minute despite our start that was just a little bit late.

I want to welcome the Auditor General and one staff member tonight, by the looks of it. It looks like you're holding down the fort. If you gentlemen would be able to complete your budget and business plan presentation, as we talked about, Mr. Dunn, in 30, 45 minutes this evening, that would allow us an equal time for questions from the committee.

That's all from me for now. We look forward to your report.

Mr. Dunn: Joining me today is Ken Hoffman, who you've met before. Ken, who most of you are familiar with, is a retired Assistant Auditor General, having been in our office for 36 years. Ken was willing to come back on contract at a time when we were short chief administrative officers, so Ken has been on contract with my office now for approximately six months.

Mr. Hoffman: A year.

Mr. Dunn: My, how time flies. He has been performing the role as the chief administrative officer on a two days a week arrangement for me, which I and our office really appreciate. We are in the throes right now of recruiting our full-time chief administrative officer, so this is Ken's last event, I believe, with our office.

Anyway, you should all have the presentation that we provided beforehand, which is comprised of three things: our business plan, the budget and the reconciliation to prior years' actuals and budget, and then the PowerPoint presentation.

I've just discussed with Karen that I don't plan to put anything on the screen but, rather, as the chair has requested, very quickly go through the PowerPoint presentation. So if you could go to the back part of that, part 3. Just pull out your PowerPoint slides. I'm going to start on slide 3. You've seen the mission and the rest of it.

Slide 3 is a build-on from what we have provided in prior years. The theme you're going to hear throughout, as we've mentioned before, is that the pressure that's on my office is too few senior resources – that's been an aspect that we've had to deal with – with too high a turnover at critical levels of managers and staff.

If you look at 1(a) there, you can see that what we had there is the retirements of a former Assistant Auditor General, that was Jim Hug, two principals who have left – now I can report that it's four principals who have left; I just received the notice, I think, the other day – together with where it is really the pressure point on us, the managers and the 12 staff auditors. Those auditors are the ones who become accredited or designated as a result of completing their examinations, and the strategy of us building from within is difficult to achieve when you lose those young people.

The promotions that we've had: you are aware that we've had to promote to replace the Assistant Auditor General, two executive directors who head up our IT and special investigations group, one principal, and two managers. That's a reflection of the fact of a fairly young staff level. We just don't have that many ones coming up through the ranks that we can promote. It's difficult to recruit from the outside marketplace. It's not only hard to find them but also the competitive salary out there. We've had some external hires and 20 student hires, which is a continuation of our strategy. If you can get the students, get them qualified, and then retain them, then you can grow from within. The difficulty of that loss of people and bringing some in from outside is you have a loss of continuity and, clearly, public-sector knowledge.

Then, it also requires increased training, on-the-job supervision by our senior people. So down at (d) it does show that we've got 45 students in the training program, primarily all in the CA ranks, although we've been focusing on getting more CMAs into our recruitments. Then our pass rates on those examinations: we've been quite successful in the pass rates. We can get them through the accreditation program, and this Friday the marks will be released for the students who have written this 2007 year. We have 12 of them anxiously awaiting their marks. So those are our resources. Just to remind you that the theme is: if you can get them in, train them well, and then keep them, that's the critical success for our office.

Challenges. Responding to stakeholder expectations for audits. The public sector continues to add on other entities. It's not just the ministries and departments but also all the Crowns and other organizations out there which create subsidiaries and require the Auditor General to audit them. So there's an increasing number of entities that we do work for and, of course, requirements or requests they make of us. That's the expectation for us to deliver the services as needed.

You are aware, those of you who have served on Public Accounts, that it's an area that was of interest to myself to see if Public Accounts in Alberta can change. Through the guidance of a number

of leaders on that committee I believe that the Public Accounts Committee in Alberta now is performing better. Although I haven't done a cross-jurisdictional study, I would suspect strongly that Alberta's Public Accounts Committee is now near the forefront of any of the Public Accounts in Canada. However, that does come with a consequence, that they would like us to provide more input on more matters that would fall under their scrutiny to follow up on. So there is more opportunity for Public Accounts to provide requests to us and areas where we'll focus our audit resources.

Then, keeping pace with changes in our environment, which includes things like the realignment of the ministries last year. As you know, at this time last year the changes that were made at different ministries and the realignment there, that increased last year, obviously, our assurance time, together with the programs and information systems that are evolving in the public sector, and something from my own profession: the accounting and auditing standards are undergoing a lot of change and will continue to go through a lot of change as not just the Canadian standards are changing but also the international standards, which Canada has agreed to align itself with. So it's putting an awful lot more pressure on our office to retain or sustain that body of knowledge and change our program and processes to align with the international standards.

6:50

Strategic priorities. Clearly, what is asked of us is to deliver relevant and high-quality results. We use the term "products" here, which are the audit reports that we deliver, used by the Legislative Assembly and the senior individuals in the organizations that we audit to make sure that we do come up with relevant findings and recommendations. Also, you'll see at the end here that we'll talk a bit about our future, about the most appropriate projects. What is that we're looking at, and why are we looking at them?

We want to be efficient in our processes. Clearly, that means that we've got to make sure we train our young people who don't have the experience, to make sure that we use our resources effectively. Then, at the end of the day the key theme: responding to market demands for our professional staff, which are both the private- and public-sector entities looking for more qualified accountants. It's not just the private sector. It's not just the Enbridges and EPCORs and EnCanas that our people are going to, but it's also the RHAs, the universities, and many of the public-sector entities. Our staff are therefore recruited there, and it normally goes to salary escalation.

Assurance work: not a change but a return to the past. We're looking at trying to get our resources back to a 70-30 alignment between assurance work – that's the auditing of financial statements and performance reports, et cetera – back to 70 per cent of the total office resources or cost and the systems work, which is your performance type of work, back to 30 per cent. We fell off that because of the change in standards, realignment of the entities, ministries, et cetera, and we were into probably an 80-20 – I think the stats are down there. But, clearly, a target which I'd like to get back to is the control, the assurance amount of time that we spend on it, and make sure we can devote 30 per cent of our office's resources to systems auditing.

Office accountability. We just refer you to the business plan. In our annual report we do have performance measures and targets, and we report on those. It's referenced here on this slide as to where they are.

The budget request, which is detailed in part 2 of the material we submitted. Operating expenses. You can see we're going from what we had last year as a request of \$20,077,000 to \$21,720,000. There's a significant change for the capital investments. You're aware that we re-establish our computer technology, our hardware,

every three years, and this is a result of last year being the third year, when we renewed our equipment; therefore, we're down into more of a maintenance mode in the '08-09 year. Overall, this will result in an 8 per cent increase in operating expenses, as I said, but on a combined basis, in total, it's only 6 per cent, but that's as a result of us not having to upgrade our computer systems next year.

We have reported publicly and to the Public Accounts Committee that it's my intent that we go to semiannual reporting, and it's our expectation that starting April of '08 we will have an Auditor General report together with October, which is our traditional reporting time. The reason very simply is that as we do this amount of work, it seems like one or two topics, matters that we cover in our work, overwhelm all the other work that we do. Therefore, we'd like to make sure that we are able to report effectively to the Public Accounts Committee, and we believe that by going to semiannual reporting, it will help that committee to fulfill its mandate better.

The higher costs, as I was referring to, the professional auditing services. Overall there will be a 7 per cent increase in salaries, and when you look at the detail, it doesn't naturally jump out at you. We have a COLA increase next year that's been agreed to, a 4.8 per cent, and we expect that overall there will be merit increases, especially where we have the at-risk staff, somewhere that could average 4.7 per cent. But it only works out to be 2.2 per cent over all our office, and that's because of turnover – senior people leaving; younger people staying – and on average it only comes out to 2.2 per cent.

We expect that if we are able to retain more of our staff, we will decrease the temporary audit services, which is the rented hours. This affects the ability to do work efficiently if you have to rent in too many temporary staff. We have loss of continuity of knowledge, and the private sector's charge-out rates generally will run at a low, Ken, of about \$130 an hour to about \$160 an hour. If we keep our own staff, we can be anywhere down in the \$70 to \$90 an hour: substantially less if we are able to perform the work with our own people.

There has been an increase in agent budgets. We do use agents just because of the number of audits that we do with a March 31 year-end. Clearly, it peaks in May and June. So we do have agents. Then there are certain entities where we are the named auditor but we are required to use an agent, which is the RHAs. Their increases in the private sector have been going up very rapidly, and as I say it averages about \$145 an hour when we use an agent. Internally we can be around about \$110 an hour on average to attest.

Mr. Hoffman: Yeah. We're quite a bit lower.

Mr. Dunn: Then, the increased standards result in more hours.

The returned funds. I think at one time I referred to this as the Denis Ducharme slide. We are not returning as many dollars as we used to return, and it appears that with our forecast this year we'll overspend, and we'll overspend by approximately \$213,000. We realize the consequences of that overspend.

The reason for the overspend – at this point we expect that should we incur that, of course, then we have to take it out of next year's budget – is a \$200,000 increase in agent fees. The Calgary health region was one big one. We met with the standing committee some months back about a request to do some additional attest work, and the standing committee provided their direction that we would not use our dollars. However, there were other dollars that have come through by the agents that we have to use there, which have increased over what we had expected they would be charging. There are some additional subsidiaries within the government business enterprises, which are your financial institutions, ATB and that,

where we do use experts from outside the private sector who have maintained that panel auditor standing.

The increased fees are primarily offset by revenue increases. When you look at the detail, we've got revenue increases, but as you know the revenues don't accrue to our office. So we get the increased fees, but the revenues are attributable to the Ministry of Finance.

We did adopt the GOA one-time economic adjustment of \$1,500 per staff member across our office and applied that, I believe, in October, which was a cost of \$170,000. There being resource constraints, we did postpone certain of our systems projects, which nets it down to \$213,000.

The detail on slide 11 shows a comparative to prior year actuals and where we were in 2005-06 at approximately a 70-30 split between assurance auditing and systems auditing. Then in '06-07 and '07-08 we slid, and it's my expectation for '08-09 to get back to that 70-30 split. That's what our strategy is aligned to do.

Skip slide 12 because it just leads into what is going to be the expectation for the future. I have shared this with this committee in the past briefly, but this is a little more in depth. It lays out what we are now engaged in and expect to report on in April, and you can see the ones that are listed down there, including affordable housing. The PSI cost recovery program is a result of us doing the work on Lakeland College with the Polish welders.

The ministry of advanced education said: "That's a good piece of work. You've helped us. Why don't you look at other institutions?" So we're going off to look at other ones together with what has been reported in the media around the learner support program, which is your CGI, CCII, and all that, those systems that are private-sector postsecondary institutions, accreditation and their funding.

We are also going to concentrate and continue to concentrate on internal control supports around information technology, making sure that the assets in the systems are properly protected in the various organizations but also in primarily the information they contain, that there are no security breaches and loss of control over the privacy of that information.

We've also announced that we are now in the throes of doing a seniors' care follow-up. Although it's a follow-up audit, that was a very extensive piece of work that we did. At Public Accounts today the deputy minister there was talking about the changes in the standards that have been adopted, and they're doing some monitoring. We work closely with both that ministry and Health and Wellness, and they understand that we're going to go out and reperform the work that we did before, which includes visitations to various facilities. So that's going to again be a significant effort on our part, working closely with Seniors and Health and Wellness.

7:00

We also plan to launch into mental health. We realize this is going to be a difficult assignment. It's a matter which I've been discussing with the Mental Health Board for the last two years. They believe that it's the appropriate time for us to go in and look at how the mental health services are delivered across the province of Alberta. This will be part 1, where we're looking primarily at just the department and the ministry on mental health, and then you'll see on the next part that we'll be looking at part 2, where we actually go out and see the service delivery at the nine RHAs.

I'll be finished very shortly, Mr. Chairman. Proposed for the October report: infection control, which is the East Central RHA, a matter being followed up at all the other RHAs, something we have mentioned to them, and I believe that they are very supportive of us looking at their processes and systems to make sure that they're following good practice.

Again, we'll look at websites, making sure that the information on there is secure.

A follow-up to governance matters that we've looked at in the past, we'll be looking at CEO selection, evaluation, and compensation across the various entities in the public sector, seeing how the compensation committees in the various board-governed entities carry out their function and if there's a good practice that we can share with them and where improvements could be made. We also plan to look at the foreign offices and their operations.

On page 15, which we'll end on, are the four big ones. Climate change is one that we are working on with the Department of Environment right now. We plan to launch that, I believe, in the spring, and then we'll look at how Alberta is implementing their plan for controlling the emissions.

Mental health, part 2, as I mentioned earlier, is the visitations to the RHAs and how RHAs are actually ensuring that the appropriate services are being delivered, and this produces an across-the-province comparability. Crystal meth and the reports around there. We'd like to be involved in looking at that together with the RHAs.

Then a matter of continuing on with what we did last year. You'll remember that we did look at payments through to you as MLAs, the systems that maintain the accuracy of that annual reporting through the Ministry of Finance, and we'd look at the ability of our office to be able to provide an opinion on the accuracy of that, which is tabled annually in the House. I know it does receive some review by various people in the media, et cetera, but if we can ensure that there is an appropriate system and all matters are appropriately reported, we believe that confirmation or comfort will be of assistance on the credibility of that report.

That, Mr. Chairman, was 45 minutes done in 20 minutes.

The Chair: I wonder if we'll have 20 or 45 or more minutes of questions. I already have a few people on my list.

Mr. VanderBurg: One thing I'm curious about. In your business you create tons and tons of paperwork. What's your retention policy? Where do you store your records? Do you use private contractors? Do you use government sources? What's it costing the government to handle your paperwork?

Mr. Dunn: We do have an electronic working-paper software that we've used, and I believe that in our office we've used it now for a better part of a decade. We brought in TeamMate. Most of ours is retained electronically. We do have some very sensitive and confidential data which we'll retain a hard copy on, and we have a vault that we secure. That is information which will be privileged, which we do receive in that arrangement. Matters which I'd say deal with very large organizations we have to retain in hard copy. Otherwise, we retain all working papers electronically, both the work that we do together with the work that the agents do. We ensure that the agents provide to us the software that they use so that we can then retrieve it all electronically. We do not incur a lot of storage costs.

Mr. Hoffman: I can't tell you the number off the top of my head. I can find it for you if you're interested.

Mr. VanderBurg: I am.

Mr. Hoffman: Okay. There's a very limited amount of space in our main office, and then we have storage we've had since 1980, a vault in the top floor of our building that we use. Our retention policy itself: we just mirror the government's policy in terms of, you know,

destruction after so many years and work through the provincial archivist's approach.

Mr. VanderBurg: Well, I had an opportunity, you know, to look at the archives and our storage facilities, and I see a lot of aged documents prior to when you went digital. That storage space costs us money. It costs us money to manage.

Mr. Hoffman: Yeah. I'll get you the amount of rent we pay for that top floor. Right now we've reduced the amount of paper quite considerably because we've had this electronic filing system for quite a while. As older files mature and meet that point of destruction, we sort of clean it out. It'll be a while before it's all cleaned out. But there will be some residual element where we have the very sensitive stuff that we think we should retain much longer.

Mr. VanderBurg: So as far as external storage?

Mr. Hoffman: None.

Mr. VanderBurg: There's none at all?

Mr. Dunn: It's all within our own area.

Mr. Hoffman: All in-house. We don't subcontract to anybody. The only thing we subcontract for is destruction, so the paper shredding kind of thing.

Mr. VanderBurg: I'll be interested to hear more from you.

The Chair: Thank you, sir.

Laurie Blakeman, then Barry McFarland.

Ms Blakeman: Thank you. Referring to page 5 of your PowerPoint – if you don't mind, should I put all the questions on the record and let you answer then, or go one at a time?

Mr. Dunn: Your choice.

Ms Blakeman: Okay. I'll put them all out then. The criteria for selecting the most appropriate projects. On page 9 I'm noting those increases and wondering what inflation is – however you want to call it: cost of living or inflation – for what you're setting out there.

I'm looking for a bit of detail under page 11 on core businesses. Could you give me a list, please, of the systems auditing that you did under that \$5 million in '05-06?

Then I'm going to refer you to schedule 1, in which you do list the amount actually spent on assurance and systems auditing. I'm wondering if you can give me an explanation for certain ministries that have never achieved anything close to a 70-30 split and your reasoning on that. For example, Tourism, Parks, Recreation and Culture in the current year was \$297,000 on assurance and \$18,000 on systems, which is not even close. Same thing with SRD at \$337,000 versus \$20,000. The other one that popped out at me was Service Alberta, \$634,000 versus \$41,000. I'm just wondering a bit about the choices you're making there. Then if I go forward, there's no systems auditing for SRD or Tourism, Parks, Recreation and Culture. So if I can get an explanation on your choices there.

Mr. Hoffman: We do have a considerable amount in the '09 estimates for the SRD systems audit proposed there. We don't have Parks and Treasury Board, the last two, but there's \$600,000 in SRD.

Ms Blakeman: Oh, I'm sorry. It's the one below that.

Mr. Hoffman: Yeah. Tourism and Treasury Board.

Ms Blakeman: Okay. I'm sorry. You're right. Thanks for the correction. It was actually Tourism, Parks, Recreation and Culture and then Treasury Board.

Mr. Dunn: Okay. The answer to the first will help on the answer to the last one. The criteria. I have mentioned this before. Where do we select these? What do we start with? We start with a body of knowledge that we gain from when we do the financial statement audits. We are out there, and we understand through the attest work doing the financial statements what are the business challenges of the entities. It's that knowledge gained over time that then directs our staff to say: this is an area that management is struggling with to run efficiently and effectively, or this is an area that is worthy of us to look at that system; by way of a simple example, when we proposed that we were going to look at the enforcement system in the Alberta Securities Commission. The Alberta Securities Commission's actual financial statement audit is a relatively straightforward, small entity: 130 people, \$22,000. But it's critical that their enforcement system runs effectively because that's the capital markets at play. So we chose to look at that one because it was core and critical. So it's knowledge gained from the attest work.

7:10

The other areas that we look at are requests made of us through MLA debates in the House, matters that get a high profile, challenges and representations that are made in the question periods and the responses, et cetera, and also matters that are brought to our attention from external parties, the public who do interact with us fairly frequently as to matters which are of a challenge to them, which can be matters that they think warrant an investigation and follow-up, including a potential for improper behaviour. So those ones together with matters that management bring to our attention and make a request of us.

Not a lot of management are prone to inviting the Auditor General in to do certain work, but certainly they do when they believe that there is a matter that they are challenged with, like the matter we were requested by Advanced Education to look at, that situation with the Polish welders at Lakeland. That did come from management. Also, when we did the school board budgeting, that was a request from Education to say, "This is an issue which Education, in doing the granting, were concerned about: the oversight of the budget request by the various school boards and the follow-up by the trustees there." So we did that work at their request.

The fourth and final area is what we see happening in other jurisdictions. We get together with our colleagues twice a year, and we follow up on what other Auditors General are doing, areas that they have looked at. We look to see if the situation that they have identified and reported on could also be a situation that occurs in Alberta. So we use that as a fourth source of criteria.

Ms Blakeman: Okay.

Mr. Dunn: So, Laurie, it's really what we know by doing our work, what is sensitive to management and their needs and interests, what is key to our client, who, as you know, is you the MLAs. What is important to you? I've identified the same with Public Accounts. Then if everybody else is looking at the pine beetle situation such as in B.C., we should also build off their body of knowledge and see how it can help Alberta.

You looked at inflation. We're subject to the agreement that is

done through the labour negotiation, so we have built into this plan here the 4.9 per cent which was agreed to last year, but we are also challenged, of course, with inflation within our own profession. It has been a profession which has been under real challenge for the last two or three years. There have been very large salary increases in the private sector, and it's our comparability to match that. We engaged Mercer's this year to do a cross-sector review for us.

Ken, just briefly, what was their reporting?

Mr. Hoffman: Well, when we put through the 4.9 per cent adjustment that was given to all public servants and to our staff, then our senior levels of management were compatible with – so we're talking principal manager kind of level – the competition. We don't lead the market, but you don't want to be too far off the market. So we're within a reasonable range.

Where we have problems is when we start what we call our students, you know, the recent hires. We seem to always be behind the market on that. In fact, just by way of illustration, we looked at our recruits for this year. We have people start in September; we have people start in January. We discovered that part way through, after the September hires, we're about \$4,000 a person per year below everybody else. So all of a sudden we've got to do some adjustments because they just won't start with us if we're at the salary ranges we're talking, if you're that far off the market.

We're having to look at that particular group, and these are the ones that Fred refers to all the time as the at-risk people. They're the people who graduate, and when they get their marks, the first thing they do is say: "What do I want to do for the rest of my life? Do I want to be in the office of the Auditor? Do I want to be a controller? Do I want to do whatever else?" So then they start looking at their alternatives. They're also very mobile. They're all young people, mid to late 20s, looking for the vivid adventure, and cash is king. So we compete hard with the private-sector firms, with oil and gas companies in Calgary, particularly, for internal auditors. That's where our pressure points are. When we look at our pay adjustments, that's what's driving our inflation pressures, that group particularly. Now, they don't get a lot, but they get a fairly large percentage increase. But their base isn't very high, so that's a problem.

Mr. Dunn: Inflation is what has been agreed to by way of the government bargained amount together with what we have to do, and that generally drives up a merit increase higher as a percentage at that level. We can control it better at the top levels.

In answer to your other question it's back to schedule 1. If everybody could turn to schedule 1, which is the back page of the office budget. It shows by ministry as it exists today, and it does vary, Laurie, based upon the amount of systems auditing that we did in the past, so you'll see quite a wave effect there. By way of an example, in 2007 where you see actual, what you don't see here is the actual for '08 because we haven't finished that year, of course. You'll see a lot of systems auditing for Children's Services in '07 because we started the children's standards audit then, and of course we've reported it now in October. It'll come out in this current year's numbers, and we don't plan to do much work in the '09 year on that.

It's very, very dependent upon what we have done in the past because the protocol that we have looked at is that after we have done a significant piece of systems work and the recommendations have been made to the ministry or department, normally we await the acceptance of that and then an implementation plan, and we will follow it up about three years later.

You asked about why we are not doing much in, I believe, it was . . .

Mr. Hoffman: Treasury Board and tourism.

Mr. Dunn: Well, Treasury Board is new, so we haven't really gotten into something there. Tourism: we haven't done much in that entity, actually, in the way of systems auditing for a long time. We did look a number of years ago – and I believe it might be now about five years ago – at the privatization of the parks.

Mr. Hoffman: I think that showed up in the '06 numbers, the residual amount.

Mr. Dunn: Is it? Yeah. So it might have been the '05 that we did the work and then the privatization of the parks and those sorts of things. Then, of course, that was also the one that had the Applewood situation that we ended up reporting on.

Ms Blakeman: Okay.

Mr. Hoffman: Just one quick answer. We don't look at that 70-30 split at every ministry. We look at it overall. I know that's how you started your question. I just wanted to touch on that one thing. We just look at a ministry, what we think is the most useful in a particular year in that particular ministry, and then we do the overall calculation for the split.

Ms Blakeman: I'm now starting to see that there is a wave here. There does tend to be a sort of higher amount for a systems audit at a certain point, and then it won't appear for the next couple of years.

Mr. Hoffman: Yeah.

Mr. Dunn: One that tends to have a constant is Advanced Education and Technology because there are so many organizations there. You've got your 20 postsecondaries, your four universities, and then the colleges and the technical institutes. We don't do the same organization each year. By way of example, we looked at both the U of A and the U of C at different times around the research expenditure there. But it tends to be more constant in a ministry of that size.

The Chair: Are we good to move on, folks? Thank you.

Barry McFarland is next on the list, followed by Dr. Pannu. Go ahead, sir.

Mr. McFarland: Thanks, Chairman. I have a number of questions. Would you rather I split them up and come back on the list?

Mr. Dunn: If you feel comfortable splitting them up, we'll answer them one at a time.

Mr. McFarland: Oh, no. I meant I didn't want to take over a bunch of time.

I'm intrigued with the staffing component. First off, I've been looking through this, and I don't see the FTE component, which everyone insists on seeing in our business plans.

Mr. Dunn: Okay.

Mr. McFarland: When you mentioned that the average agent rate was \$140 – and I understand you to say your own people were in the \$70 to \$90 range – is my math a little goofy? Am I understanding that the salary paid to an average agent that you would have to hire to assist you is \$140 an hour, which is over \$280,000 a year? Am I missing something?

7:20

Mr. Dunn: Well, you've got to remember that we are paying the agents their charge-out rate, and it's a mixture of very senior people. You know, I come from the private sector. You'll have a partner, you'll have a senior manager, which in our terminology is a principal, you'll have managers, and then you have the staff. So you have a pyramid that comes there. On average it will come out to be \$145 an hour, but it would start out to be probably, at their low end, \$110 an hour, and a partner today on an agent is going to be probably \$350-plus. You're going for \$350 to \$475 an hour.

Ms Blakeman: But they're not there all the time.

Mr. Dunn: We expect to try to control it to the minimum amount of time that is required for their supervision and engagement there, but it will average by way of the team to be around \$145 an hour.

Mr. Hoffman: If I could just supplement. That's not their salary, obviously. Those charge-out rates are salary plus overheads plus profit.

Mr. McFarland: I understand that.

Then on page 3, change and renewal opportunities – I'm not trying to be flippant or smart here – your CA final exam pass rates. I see that they're cyclical, trending downward, I would assume. Is that your own internal pass rate? Is that the provincial?

Mr. Dunn: These are our own internal pass rates. Last year we were slightly below the Alberta overall pass rate. I think Alberta's pass rate was close to 80 per cent or something like that. It's our expectation we'd exceed the Alberta pass rate, and we'd like to exceed, obviously, the national rate, too.

Mr. McFarland: Okay. Thank you.

Two others. Strategic priorities. You reference climate change on page 3 and then again on page 15. What I'm wondering is – I think I understood you explain how you pick and choose your topics, so to speak – are they mandated or are they just chosen by the number of inquiries you get? The reason I'm asking that is it seems to me that it's bordering on things that might be construed as very strong recommendations on policy that I think are the responsibility of the Legislative Assembly, not a department or an officer of the Legislature.

Mr. Dunn: You're absolutely right. We do our utmost not to comment on policy. I must admit that at times people would like us to comment on policy. What we do comment on is the implementation of policy, and this falls under section 19 of our act, so section 19(2), and then you go down to the subsections (d) and (e). The Auditor General shall annually report to the Legislative Assembly – and I'll use some paraphrasing here – on systems management uses to ensure efficiency and economy of the use of their public resources and the systems by which management measures their effectiveness. Thus the outcomes in the performance. So that's what we're doing is the review of those programs that management use to make sure they're using the public resources efficiently and effectively and can report to you, as one of the primary users, on the effectiveness of what they have achieved.

It is not mandated as to what we do. We use the criteria that, in answer to Laurie Blakeman's question, we try to make sure that we are looking at relevant topics – that's the critical thing – and to stay away from policy and policy development. But we do obviously

comment on the systems that support the information which is provided to the policy-maker.

Mr. McFarland: My final one, Mr. Dunn. I've been around a little while, and I've been on a number of different committees. One of them was Members' Services. This is my first time on this committee. I do not have a problem with the reporting of the MLAs salaries. This is my last question. For those of us over the years that have been involved in agriculture – and I think I'm speaking on behalf of every one of us that have been ranchers or farmers – it's a little disheartening, of course. I don't know if that's the correct word. Nobody has a problem with having the MLA's salary, committee work, and all that kind of thing reported. What is a little frustrating is the folks at home like to look through these kinds of things, and they'll see payments from a joint federal/provincial ag program, the most recent one out that will be reported. Last year it was a CITI program, a joint federal/provincial one based on production from 2005. Well, you know, only a farmer is going to understand how that's even arrived at. The fact of the matter is a lot of people think, "Aha; you've got this extra payment," and they start to wonder why it is.

My big problem is not with that one; it's with Alberta hail insurance. Not crop insurance, hail insurance. I along with any other farmer pay my own premium for hail insurance. I fail to see why that is reported when there are 23,000 other farmers in the province who also pay premiums. It's almost an intrusion on your own private business because people fail to realize that it's not any bit different than if any one of the members here had hail damage on their house that they paid insurance on. And it's not reported. So why is it that this one component has to be reported? I fail to see the rationale. It has been questioned year after year after year without us ever getting an answer. Now is my opportunity to ask you on behalf of other farmer MLAs.

Mr. Dunn: Duly noted. What we're going to look at is the system which sustains that reporting: is it efficient and effective, and does it produce that which is expected that it will produce on a regular and consistent basis for all MLAs? That's what we'll be looking at. We're not talking about the granting for agriculture here. That is a policy decision as to what is included. It'll be up to us to then make sure we look at the systems by which the information is gathered and reported accurately in an efficient manner.

Mr. McFarland: For clarification might I ask: if we had an author as an MLA and they published a book and they received a royalty on it, would that be reported?

Mr. Dunn: I can't answer that. Not to go on too long, this is decided by the members' committee or the LAO's committee. That's their decision as to what gets into that report. What we're going to look at is the system by which they make sure that it's done on a consistent and comparable basis.

Mr. McFarland: I apologize for the lengthy question. I was always told it was because the Auditor General said that's the way it would be. Now I hear it's Members' Services.

Mr. Dunn: There are times when the Auditor General is being used to support a position. Okay?

By the way, just on your first observation that it's a requirement to show the FTEs, we believe we have shown the FTEs.

Mr. McFarland: I'm sorry if I missed it. I didn't see it.

Mr. Dunn: Okay. It's in there. Yeah. I'll just refer very briefly to page 3 behind the salaries and wages, et cetera. It explains that we're looking to increase – this is our expectation – by 8 per cent, or nine full-time equivalents. It is our expectation, we hope, that our office will move from 122 to 131.

Mr. Hoffman: It's on the bottom line of page 2.

Mr. McFarland: Thanks very much.

The Chair: Okay. Mr. McFarland, that's the end of your questions and comments, sir. Thank you. Some interesting insights and questions there.

Dr. Pannu: Mr. Dunn, I have just two simple questions here on schedule 1, which follows page 2 or 3. In our projections on the output costs by ministry something here just caught my attention, the Energy department actual total of \$760,000 this year. You are projecting those to almost double in two years' time. So that's one.

The other one is Health and Wellness. There again the increase from this year's actual to the 2009 estimated or projected is close to 50 per cent.

7:30

Mr. Dunn: Okay. I'll deal with the latter one first. In Health and Wellness the assurance auditing is the department/ministry together with six of the nine RHAs where we are the auditors, and we engage agents for those. You'll see that the assurance auditing is not changing dramatically, but it is going up with inflation. What is coming out in the systems auditing is mental health and the follow-up on seniors' care. That's why those large chunks of time.

We have concluded that it would be inappropriate for us, when we do a large piece of work around seniors' care or mental health, to try to select only certain RHAs. We learned our lessons before. That is, all RHAs see themselves as quite autonomous and responsible to their own catchment area; therefore, we will look at provision in each of the nine RHAs and report each one individually and then roll it up into a consolidated, province-wide report. It's not possible to kind of use a sampling technique. That is not something which is supported. So when you did food safety, you had to do all nine of them. You had to go and do that.

Energy. I'm going to have to look to you, Ken, for some help around that and some of the work that we're proposing on Energy. You knew that we did a fairly large piece of work this year that doesn't get reported in here. That was termed to be the royalty review program. We will be following up with Energy on a couple of matters. That will be the follow-up of those five recommendations that we made there, and we would expect that we'll be able to do that in the '08-09 year because that, as we understand it, will be adopted, and there'll be the regime which will be effective January 1, 2009.

Energy also includes the EUB. It's a small part of it. We'll be looking at the volumetric requirements there in the EUB.

Mr. Hoffman: I think you've answered the questions. I was just looking at my notes. There are a couple of major systems audits planned, and they're around the royalty data, you know, the data systems that are used to calculate the royalty and the collection of royalty. Again, it's looking at the royalty processes and the royalty systems.

Dr. Pannu: My last question. I had it flagged here but didn't mention it. Environment is the same way. Again, it's a very hefty increase between this year and two years hence.

Mr. Dunn: What will be coming out of Environment is the water work that we plan to do and climate change, and possibly not named here, we also plan to do the continuation of water.

As I reported to this committee at one time, we wanted to look at where Alberta's water is both as to quality and quantity. We reported on drinking water back in '05-06. That was, "Can you trust the water you're drinking from the taps" by the distributors. We also said that we'd look at the quantity. We'll be doing the quantity of water together with climate change in Environment.

Dr. Pannu: Thank you.

The Chair: On to Denis Ducharme, then George.

Mr. Ducharme: Thank you, Mr. Chair. I've got a few, so maybe I'll just go one or two at a time.

Mr. Dunn: That would be better.

Mr. Ducharme: I looked at the area in terms of increase in salaries. You've indicated that you've got some competitive forces out there with the private sector, that you've got to be competitive in terms of being able to hire individuals. I'm seeing that there's an increase of just about a quarter of a million dollars in salaries for the coming year. I see that there are nine new staff that you expect to bring on.

Mr. Dunn: That's right.

Mr. Ducharme: I can understand that and, of course, the cost-of-living allowances that go through. Are performance bonuses for the managers included in that amount that you've got budgeted?

Mr. Dunn: Everything is in there, all incentive compensation for all staff levels in accordance with the criteria we follow, the corporate human resources, the PAO system. It includes all those matters that are in there.

Mr. Ducharme: In the area of fees, training, and development there seems to be an ongoing increase to the tune of, let's say, \$120,000 just in the past two years. I'd like to know how this compares to what's happening in the private sector as to what they dole out, let's say, to their employees. Are we seeing an increase because these types of benefits are being extended to more employees on a yearly basis? I'll let you clarify.

Mr. Dunn: Okay. Let me start. I know you're anxious. It's a combination of a couple of things. In the breakdown of the \$875,000 there are really two components. One is the students, and it's the requirement to pay for their education, which is the CA School of Business or the CMA programs. Whatever the designation that they are pursuing, we pay their course fees, examination fees, and those sorts of things. That's approximately \$225,000, just the student body moving its way through the various courses and their curriculum.

Mr. Ducharme: Is that similar to the private sector? Does the private sector also do this?

Mr. Dunn: Oh, yes. Yeah.

Mr. Ducharme: Okay.

Mr. Dunn: In other words, you engage them, you take them on in

order that they will pursue their designation. In fact, it's a criteria for employment. If they are not pursuing their designation or fail to continue, then we do not retain them. So we're looking for them to get through because, obviously, they're more valuable to the public sector as well as, obviously, to my office. So \$225,000 is on the students' articling costs.

When you do qualify, then it has another ongoing cost, which is the membership to belong to the CGA, CMA, CA and maintaining your professional standing within your entity. That's approximately \$190,000. So in total there is about 50 per cent which is locked in by way of the students in just the sheer employment aspect.

The \$420,000, which is the other 50 per cent, is on courses, conferences, external instructor fees, reference materials, and that. That's our in-house training of our staff both pre- and post-graduation. That's what we train them on: currency of standards and the changes, whether they be the accounting principles and the auditing standards together with the current risk factors, things that they have to know about. Matters that we're dealing with right now are all financial instruments and those sorts of risks around there, including the asset-backed commercial paper and that. So we bring in specialists and help our staff understand what it is that they should be looking at and what is the best practice within the private sector.

So about 50 per cent is really true training. The rest is a set cost on just the education of people as they move up through their professional ranks and retaining or sustaining their professional standing.

Mr. Hoffman: If I could just supplement. This is, again, comparable to the private sector. For example, as a chartered accountant I have a mandatory amount of time that I have to take PD. I think it's 20 hours a year of formal PD and so many hours of informal PD. That's a requirement to retain my credential, and that's a requirement of every professional in our office. We want people who maintain their credentials, so we pay that cost to help them maintain their credentials.

Private CA firms do exactly the same thing. They have to make sure that their employees or chartered accountants maintain their institute membership. So they would cover that cost.

This is very competitive, very comparable. As to the dollar comparability, you know, I've never been in the private sector. I've always been with the office. Fred has been in the private sector. I suspect we're more conservative than they are.

Mr. Dunn: I'll be blunt. When I was in the private sector, yes, we took people to fairly exotic locations, did a lot of conferences in Montreal, Quebec City, places like that. The training that we do here in the public sector is probably on the light side. It's in-house, in our office, and it's more the bare bones.

Ms Blakeman: Big trip to the sixth floor.

Mr. Dunn: The seventh floor.

Mr. Hoffman: Yeah, it's a classroom. A lot of work done in that room.

Mr. Ducharme: My next comments deal with the suggestion that you're wanting to come forward with a semiannual report. My question is: are there any other jurisdictions across this country that are doing that? I find the timing of it questionable. Especially in times when you've got a shortage of staff, you're having to hire out at \$140 an hour, and we're going to come out with a second report, which is going to cost – well, you're asking for another \$20,000. I

don't know if that's just for the printing; it mostly likely is. I just question why you would suggest that at this time.

7:40

Mr. Dunn: It wasn't spur of the moment. It's something we have examined for a number of years. Do other jurisdictions report more frequently? Some do, and some follow the pattern we have historically of only annual reporting. The federal Auditor General has just reduced from quarterly to every four months, three times a year rather than four times a year. Some other jurisdictions produce a number of reports that come out in a sequence. I think the province of British Columbia will issue something like eight to 12 reports in a year, but they are smaller, chapter sizes. Others do more special reports and ad hoc reports.

Part of the semiannual reporting and why we looked at it was that when we discussed it with the Public Accounts Committee, they thought it would be a more comprehensive amount that they could absorb at one time. When we did the annual reporting, we tended to have a few of our reports just become stale dated, and there wasn't the frequency or currency.

The Provincial Audit Committee – as you know, I also report to them, and we work through that – are also saying that this is an awful lot to swallow in one reading. It's just too much for you to get there, and you're losing sight of it. We expect that the semiannual reporting would remove the requirement – this is also a quid pro quo expectation to not have special reports. Where in the past we've had to do the BSE, the ASE, the Fort McMurray land, the other ones which have also been outside our annual reporting cycle, the seniors' care, we'd expect that we'd be able to take that work and roll it up into a defined date and thus make sure that we don't have to then have a number of other special reports.

You're right as to the extra \$20,000. It's primarily the printing costs, but we're also going to be looking at something we are also very conscious of, and it's a matter which I've discussed with Executive Council and Treasury Board, the confidentiality and the security around that. Something which I and the Deputy Minister of Executive Council and Treasury Board have also been very concerned about is prerule leaks, and this we think will help us in controlling that too.

Mr. Ducharme: I have one final question, and this is a question that I was asked by a couple of constituents to ask of you. You had made a reference earlier in regard to the royalty review, and the question was in regard to comments on the first day. You had been on different media and, basically, had indicated to the media that the government of Alberta had lost X number of billions of dollars, and it sounded, the way that you had put the message out, as though the government had invoiced out to these companies but had not bothered to go out and collect the fees that were due. The following day it was a different story that was going out in terms of if the policies had been changed, there could have been these extra type of dollars. I'd just like to hear your comments on that.

Mr. Dunn: Okay. We do have Energy appearing before Public Accounts next week, and I certainly don't want to usurp that dialogue which may take place there.

We take great pains when we write our reports to try and get it in plain language to understand what it is that we're talking about, and we do take great pains not to step into policy. When we discussed that material, at the same time we had matters that we had historically reported on at both the EUB and Energy on the royalty collection system. There was a blending within the media, I must admit, when they picked up the two pieces. At no point did we say

that the province billed for and did not collect. In fact, I had a number of calls from the media and made it very clear. This is not monies that were owing, billed and not collected.

Rather, what it is is that when we looked at the energy royalty review, we were answering the questions: was a royalty review carried out? If a royalty review was not carried out, what was carried out? Whatever it was that was carried out, was it done with due process and appropriate people following an appropriate system?

We did quote from material which we did find. We did not, obviously, recompute, recalculate, or go into economic analysis. We just merely looked at the information that was available when we did the review at the Department of Energy as to what had been provided as to information that had been determined by staff and their outside experts. We did not – and I will be discussing this I expect at Public Accounts – look at unremitted revenue, but the term I will be using is forgone revenue.

At the volumetrics the volumetrics is something which we have been reporting now for the last probably four years at least, I believe, and the term that is often used is: is there any "leakage" in that which we are entitled to? The system that is used is a very sophisticated system, and it's a self-reporting system by way of volume, both the molecules from natural gas or the barrels of oil. It is a sophisticated, self-reporting electronic system, and it requires the producer to accurately report. We have questioned as to whether or not anybody is checking that which is being reported. We know there have been some challenges by certain of the producers and, as you understand, in the royalty regime, which we have a lot of. The royalty which the Department of Energy is responsible for collecting is well specific – deep well, shallow well, vintage, tier, aging, all the rest of it. If you have a volume-based system that reports one barrel or one molecule which is indistinguishable, how do you know the source of it? Where does it come from?

That's what we're pursuing within and is reported in the Department of Energy's separate section of it. That's where I believe the public and others can sometimes get confused. Are we collecting everything that we're entitled to? That is something which we have commented on and challenged in the past and plan to follow up this year.

Mr. Ducharme: Thank you.

The Chair: Thank you, hon. Ducharme.

On to George VanderBurg. Then I have Richard Marz and Dave Coutts. Was there anyone else to go on the list? I think we'll end with those three.

Mr. VanderBurg: A couple of years ago I had the opportunity to attend a conference with you and learned a lot about what other jurisdictions do for Public Accounts. I think we brought home from that some good ideas and spurred some good change. I think that at that time, you know, it clearly looked that Alberta wasn't on the leading edge of Public Accounts, and I heard you earlier that we are probably now on the leading edge. Have we gone too far too quickly, and has it caused your operation more work over this last year because of the changes?

Mr. Dunn: Well, it has had a reaction, which I expected it would have. Let's just remind ourselves what has happened. Very honestly, it's through to you, Doug Griffiths, the chair, and the current vice-chair that I give all the credit for helping to make some of those changes, and I have discussed this with both the current and the previous Premier around that.

It does cause extra work when there are out-of-session sittings, yes. This year we had the four RHAs appear, and, yes, we have to

be prepared and we have to attend all meetings and be prepared to answer any questions directed to us. There are more questions now being anticipated by the committee, and they may ask us through their research assistant, which they have now engaged, to go into a further study of that. We get together with the research individual to talk about the reportable matter that we have raised, where that research person may go to get some other comparable information, and on occasion we have compared some things with other jurisdictions.

Is Alberta at the forefront? I say no. Have we gone too far? No, I don't believe so.

There has been additional training, and it's an organization which I am the vice-chair of, which is CCAF – and there's a French derivative of that name – which is looking at and promoting good democracy. Alberta was criticized because of the way in which its Public Accounts Committee had performed, the types of questions it had been asking and the types of responses and that it had not managed to achieve nonpartisanship – we're not there yet, but it's better – and it was not pursuing some of the questions that it could be from the Auditor General's report or the publicly available information in the ministry's annual report. That organization has conducted some training with the Public Accounts. They've been here, they've talked to them, and they've also attended, George, the annual conference. The three or four representatives from Alberta have paid very close attention to the matters discussed. I believe you were there, Denis, this year. Was it you?

7:50

Mr. Ducharme: Yes.

Mr. Dunn: Yes. We've had presentations by our current chair to other Public Accounts as to the improvements made in Alberta. I think it does position our province appropriately, professionally, and responsibly. I think it makes us perform in accordance with the expectations of that committee, that mandate.

Mr. VanderBurg: Thank you.

The Chair: Thank you, hon. VanderBurg.

Mr. Marz: Well, Mr. Ducharme covered the point that I wanted to ask about on royalties. To me it just seemed that there was a perception that your department was getting involved in policy instruction, for lack of a better word, at a particular time through that whole process and certainly left a lot of the members of the public with the impression that the government was billions of dollars short based on comments that came out of your department.

Mr. Dunn: Right. I'm going to possibly repeat the information which I have talked about publicly before. I chose to do that work based upon a dialogue that took place in the House, and I carried it around with me. On August 24, 2006, there were three questions asked by the then backbencher Mr. Knight to the then Energy minister. If you'll remember, at that sitting – I'm sure you all remember the summer of '06 – there had been a lot of discussion within the House around the fair share and: was Alberta getting its fair share?

All I did was look at the comments made in response to those three questions. It said that a royalty review will be completed – I've got it here with me, and we can pull it out if you wish – and that it will be filed in the House in due course. I never intended to do a royalty review or anything like that. All I said to my staff shortly thereafter – and it was early September – was: "I'd like to read that

report. It would be rather interesting. Just as much as anything else, just out of personal interest, I'd like to read it." Eight weeks later I was still at my staff. In fact, I was getting annoyed with my staff, asking: "Where is the report? Why aren't you over there? For heaven's sake, can't you just get it?" On October 27 we wrote a demand letter to show us that review. We've got these dates all chronologically laid out. On November 8 we got together with senior representatives, and at that point they said: what do you think you're looking for? I said: only that which was intended to be filed with the House, the Assembly.

It went on thereafter. As you're aware, the leadership campaign took place. There were other commitments made, et cetera. We had actually launched this work in the month of November of '06 and continued on in the month of December of '06. I met with the Minister of Energy and the deputy minister and senior people and explained what we already were doing. I met with the Minister of Finance and explained what we were doing, met with other senior people. We were already well under way.

At no point were we trying to co-ordinate with, align with, or otherwise table at the same time as the Royalty Review Panel. In fact, when we started this, we didn't even know that matter was ever going to be considered or done.

I did listen to a request that was made of me – and I've made this statement publicly – and it came from the Minister of Finance, who said: if you're under way and going to do it, will you do two things? One, get it done, the sooner the better. Two, if requested, will you allow your report to be shared with the review panel prior to making it public? We did honour that request in that we completed this work as diligently as we could and were completed essentially by the end of June. We had a series of exit meetings, as you know, through July. We had finished this and delivered the report essentially in final form by the end of July and the final management letter, which you're all familiar with on that, by August 27.

I did permit that prior to the release of the Auditor General's report if they chose, they could share that matter with the Royalty Review Panel. I believe that the Minister of Finance has acknowledged it publicly. It was shared, but at no point did anybody call me, did I interact with the Royalty Review Panel, or have any other dialogue. Our conclusions were arrived at independently, objectively, and we ended up producing what we did find and reported on in our own report. The fact that the Royalty Review Panel reported at the date that they reported was merely coincidental.

The Chair: The hon. Dave Coutts is the last on my list unless we have additions.

Mr. Coutts: Thank you, Mr. Chairman. My questions were going to be around the semiannual report, and that question has been satisfied. I want to tell you how much I appreciate that in your business plan you've outlined the departments that you look after in April and then the initiatives and the departments that you look after in the fall. I think that's really good planning. So I think it's a very positive thing that it's documented.

My only other question was to get a better understanding of professional standards and what the effects of the international standards would be on your profession and how that affects your budget, how it affects your staff. When you're looking at changes to achieve the compliances that you're looking for in terms of professional standards that are out there, do they continue to change? Is it because of technology, or is it because of improved techniques that you need more manpower, or is it just a matter of constantly having to upgrade people with education? I'm talking about the workers.

Mr. Dunn: I'll address it from two perspectives, and then maybe, Ken, you might want to supplement, too. First the accounting standards, generally just what is happening in the accounting world. That goes into the financial statement and how it gets reported. There are, obviously, issues that get developed over time. Canada has agreed to an international alignment of all of its accounting standards by the year 2011 with the international accounting standards.

So what you might hear is that international financial reporting standards – people know them as IFRS – are coming to Canada. It affects the private sector as well as the public sector, and it affects the types of entities that we have in Alberta from three perspectives. We have (a) the province as a whole; it's just the public sector, what you're used to as a ministry and a department. It affects also the not-for-profits. Those are your colleges and other entities that have not-for-profits, which have a different set of standards. Then it affects what is known as government business enterprises or government business type enterprises, such as the ATB and other entities, which are in more of a commercial application. So we have three sets of standards which are changing simultaneously, and it takes a lot of work to keep up now.

Regarding the auditing standards. I am on the board of the Canadian auditing standards setters, and our board has agreed that we will adopt the international standard setters. There are 155 accounting auditing bodies in around 118 countries which have now aligned themselves, and this is going to be a dramatic shift in our profession, the auditing standards profession, in the forthcoming years.

We, the Auditing and Assurance Standards Board, are releasing many, many changes, and it's going to be very difficult as we go forward to make it comparable from one auditor to another. It does require a lot of training in that regard. I'm fortunate as a member of the board that I get to see all the materials that come down. I get to debate it and get to engage with colleagues from across the rest of Canada around how it can be described for Canadians and then the training that should go with it. We have been doing a lot of preparation with our staff around those changes. It is a profession which is undergoing significant change as Canada as a country aligns itself with the other countries around the world, which includes the U.S. Most people said that the United States will never change because of its legislative or regulatory thing. The U.S. is on board. Of course, it includes countries like the European common market, et cetera. The expectation is that Canada by adopting this and adopting it officially will be in a better position competitively internationally.

8:00

Mr. Coutts: So you will need the technology that goes with those standards?

Mr. Dunn: It's more people versus technology. It's the knowledge of the senior people.

Mr. Coutts: And that's reflected in your forecast?

Mr. Hoffman: The thing about the standard is that – I'm going to express some frustration now – as a profession we've just gone through some massive changes on the auditing standards, which drove up our costs quite a bit. If you look at our results analysis, there are 17,000 hours of cost into our assurance world just to adapt to the most recent set of changes in the auditing standards, which were Canadian specific. All these were driven by the corporate failures in the States. You know, there's a whole array of standards around independence, sort of, documentation, all that material.

Mr. Dunn: Peer review.

Mr. Hoffman: Peer review. Yes.

So we've just been through that, and now as a profession we're faced with this massive change to adapt to international standards, and I'm retiring. It is remarkable, and it won't go away until after this final round of standard setting. You say by 2011?

Mr. Dunn: That's the accounting. It's 2009.

Mr. Hoffman: So starting with 2010, hopefully, you're kind of up to speed and it's starting to drop down and you're able to get your financial statement auditing down.

The other aspect, the systems auditing standards, that's slated for yet more change. I don't know what that will be because we don't know who's going to set those standards yet. So it's quite an area of flux. But it's not technology; it's knowledge, and it's getting your people so they can understand what those standards are and apply them consistently.

Mr. Coutts: Thank you very much.

Mr. Dunn: Together with providing advice to the entities that we audit. Clearly, the financial statement preparers, whether it be a college or an RHA or a bank and that, would like us to be up to speed on that so we can interact with them and provide guidance and advice to them.

The Chair: We thought we were almost ready to let you folks go. Thanks, hon. Coutts.

Dr. Pannu, did you have something on this point?

Dr. Pannu: Just comments that you made in response to Dave's question. Who sets these international accounting standards that you referred to? When you refer that Canada has agreed to adopt those, who on behalf of Canada does the accepting and adopting?

Mr. Dunn: Who makes these rules?

Dr. Pannu: Yes. Sure.

Mr. Dunn: The International Accounting Standards Board is 155 accounting bodies – there are three in Canada – who have agreed that they will adopt these things in 118 countries. It's the international community, and it has come together. Representatives from the more advanced countries, jurisdictions, have come together on the board. You can imagine who they would be: the United Kingdom, it's Australia, it's Canada, it's the United States, the more advanced ones. The purpose if you're on that is providing the appropriate standards which emerging countries can also effectively adopt and to share the knowledge that we have gained and to make sure there is commonality amongst the various jurisdictions.

This is not just limited to the public sector. The public sector is involved, but it's primarily for the capital market, so that a public company in Germany is comparable to a public company in the U.K. is comparable to a public company in the United States for capital filings when they pick their prospectuses and they go to the various exchanges and then the free flow of capital. It's the comparability and consistency primarily in the public companies in the private sector which is directing it.

Who appoints the auditing standards? Canada is unique in this regard. Other countries used to have their professional accounting bodies such as the AICPA from the United States, which is the

equivalent of the CICA. Because of a number of failures the accounting bodies in all countries other than Canada have lost their professional recognition to set standards, and they've generally moved over into a regulatory or a government-based organization, such as the Securities and Exchange Commission, the FASB in the United States, or an organization in the U.K. On those standards that are coming from the auditing side of it, Canada is unique in still having the CICA setting the auditing standards. The question would become – and I don't want to sound like a heretic – will Canada be able to sustain that status, thus my profession, if the CICA continues to set those standards? The expectation was that we would not be able to sustain that if we did not harmonize with the world, and that was why Canada did agree to harmonize.

Yes, I do sit on that board, and I represent Alberta, and I represent the public sector. The board is made up of all the big firms together, representatives from each jurisdiction trying to cover off not-for-profits as well as small- and medium-sized private enterprises. This has a very significant impact on owner-managed businesses known as SMEs, those of you who've been in the private business world before, just to have an efficient and effective audit that you're able to make use of when you go to your lenders and others.

The Chair: Are you satisfied, Dr. Pannu?

I've been saving my fire, gentlemen, in the hopes that colleagues would take a number of questions, and they certainly have done that. I just have a couple of observations and questions, if you'll entertain those with the amount of time that we have left.

First of all, I just wanted to say that on page 5, going from 59 to 90 per cent, "The percentage of assurance auditing projects over 200 hours completed within 10% of budgeted costs." That's good to see, that you're going that direction.

I do have a question, like others had. Referring to page 3, the explanation of changes to budget. There are eight points there. It's the seventh one, and it has to do with the \$20,000 for printing. I'm just a little confused by that number, that the number isn't zero in that if this would have gone in a report six months later, wouldn't it be absorbed into that cost?

Mr. Dunn: And it would have. It is the aspect that Denis Ducharme raised, that by having two set-ups, two printing costs, you have double security, that sort of thing. Yes. Although the volume of pages may not change, the fact that you have to engage the printer and do all your settings and that sort of stuff twice will cost you.

Ken, do you have any more input as to how they picked that up?

Mr. Hoffman: No. I don't have the specifics, but just from historical experience each report that you publish has sort of a one-time fixed cost associated with it.

The Chair: Sure. But the argument or the understanding would be that it actually doesn't cost any more money for personnel resources, et cetera, because that would have gone into the other report. Is that correct?

Mr. Hoffman: Correct. Primarily, yes. In fact, I used to do the advanced ed sector, and all those college audits that we did, all the work in the college sector had a June 30 year-end, and they could never get in the October annual report. They always ended up in the October of the following year's annual report. So I'm talking about 18 months later, and some of the issues we raised, it would have dealt with. The timeliness, particularly when it comes to that sector, to me was a tremendous advantage in this kind of a report.

The Chair: I do have just a few more points, but they don't all require responses. I was asked, like a few others who've brought forward concerns of constituents or MLAs, by a certain member who was concerned that when she had asked a certain question, she was hoping maybe for a phone call back, but she had three people report to her in person. I respect the fact that you would want to do your best to keep costs down. The member asked me to bring it forward and just advise that if phone calls or one person could serve, there wouldn't be need for three folks to appear on someone's doorstep. We can talk about that at a later date.

Mr. Dunn: My main concern is that we do respond.

The Chair: Yes.

Mr. Dunn: And we respond professionally and appropriately and factually and all the rest of that. We take great care to make sure that all submissions, whether it be by way of electronic mail, written submissions – clearly those which are anonymous and have no way for us to find out where the source is, we don't respond to, but we do take those that come in, whether it be confidential or otherwise, and we acknowledge and respond to them. MLAs, as you know, write to us, and we take an appropriate period of time to make sure we get everything factually arranged, and then we write back to the MLA, copying all others who were originally copied on any request letter. So I'm not aware of the three, whatever it was, who either did not respond or three people responded.

8:10

The Chair: No, they responded. Her suggestion was that a phone call or one person was all that was sufficient.

Mr. Dunn: Okay.

The Chair: Let's go on to capital investment: the computers and furniture. Are we to understand that it's about every two years? Because it is going from \$71,000 to \$580,000. Is that just a cyclical thing that is worked into future budgets?

Mr. Hoffman: Yes. We looked at this quite carefully a few years back. It's actually cheaper to replace the entire fleet every three years. We did it in the fall of this year, so we're in the process. It'll be in the fall three years from now where we'll do it again. The intervening period we don't have much capital. It's our laptop fleet, and it's actually cheaper to maintain them, and the overall cost is lower if we do it that way.

The Chair: Understood. Just two quick points because, again, we're running out of time, and these questions have been referred to. Again, this is a question, not a criticism. The \$213,000 overrun: is it a usual practice just to absorb it into next year? I mean, I don't think anyone, you or us, would want to see a rolling number gaining steam as it heads down the hill.

Mr. Hoffman: Okay. We could have done a couple of things, but in our forecasts we said, "Well, let's make sure we just declare all the facts that we have," so our current forecast shows the overrun. Our belief, our intent, is to absorb it within the current year's budget, so by the time we come to a year-end, it'll be zero.

Now, the things driving it are a little frustrating for us because they're things that are outside our control. In terms of absorbing it into next year, that's the way the Financial Administration Act is written. If you overspend your budget in a given year, your supply

vote – just your supply vote – then it’s a first charge on your next year’s budget. That’s the way the act is written. It’s not something that we’ve got a choice to do or not do. It’s just that that’s the law of the land. Our goal is not to have an overrun full stop, you know. And as you’ve no doubt had explained to you in previous years, our agent budget tends towards the end of the year to not get spent, so we’re thinking that there’s a very good chance that that won’t be realized, and certainly that’s our plan. We’ll find someplace to recover that. As it stands right now, it’s the best forecast we have.

The Chair: Sure. The last thing I’ll say is that you’ve heard loud and clear that, whether it’s MLAs or constituents, there’s a concern of that fine line between policy and implementation of policy. We thank you for respecting that. We thank you for being so diligent, not just today in your presentation but every day. We look forward to working with you folks a whole lot more in the future. Thank you for being here.

Mr. Dunn: Thank you very much. I will continue on. Unfortunately, I’ll lose a very sound public servant. I thank all of you for your time and attention.

Mr. Hoffman: I don’t have to worry about those darned often-changing standards.

The Chair: Thank you so much.

We’ll take a five minute health break, folks, and we’ll be right back. Thank you.

[The committee adjourned from 8:13 p.m. to 8:22 p.m.]

The Chair: Thank you, folks. I would certainly like to welcome our Chief Electoral Officer and his staff. Just before you get started, sir, we have a special welcome for you coming from the lady in red. We’ll go around the table and introduce ourselves this time for you.

Ms Blakeman: Thank you very much for the opportunity. Am I the lady in red? Yes. There we go. I’m Laurie Blakeman, and I’d like to welcome you both to my fabulous constituency of Edmonton-Centre.

The Chair: Thank you, Ms Blakeman.

Mr. Flaherty: Jack Flaherty, St. Albert constituency.

Dr. Pannu: I’m Raj Pannu, MLA, Edmonton-Strathcona.

Mr. VanderBurg: George VanderBurg, Whitecourt-St. Anne, where I’d rather be.

Mr. Marz: Richard Marz, Olds-Didsbury-Three Hills.

Mr. Ducharme: Good evening. Denis Ducharme, Bonnyville-Cold Lake.

The Chair: You know, we would prefer if you were there, sir.

An Hon. Member: You left yourself open for that one.

The Chair: He teed it up, and I knocked it down.

Your friendly neighbourhood chair, MLA for Calgary-Lougheed, Dave Rodney.

Mrs. Sawchuk: Karen Sawchuk, committee clerk.

Mr. Coutts: Dave Coutts, Livingstone-Macleod.

Mr. Gibson: My name is Lorne Gibson. I’m the Chief Electoral Officer.

Mr. Zittlau: I’m Ried Zittlau. I’m the director of election finances.

Ms McKee-Jeske: Lori McKee-Jeske, the Deputy Chief Electoral Officer.

The Chair: Very good. Now, I understand that you folks have a presentation, partially enhanced with not a PowerPoint but reference to the web. Are you thinking it’s 20-ish minutes for the presentation or thereabouts?

Mr. Gibson: I doubt very much whether it’d be that long. Somewhere midway through my presentation I was going to ask Lori to show you something here.

The Chair: Good. The remainder we can utilize for questions and answers, which is often where the colour begins. So without further ado, sir, if you would please begin. Thanks.

Mr. Gibson: All right. Thank you, Mr. Chair. Lori McKee-Jeske has just recently become my Deputy Chief Electoral Officer. She’s taken over from Bill Sage, who after 28 years of service with Elections Alberta decided to retire. Lori has been with us for 15 years, and she’s well qualified to assume those duties.

Backfilling Lori’s position, we’ve recruited a new director of operations and communications, which you’ll undoubtedly meet in the next election. She began working for us just three days ago. Her name is Jacqueline Roblin, and she’s worked for the city of Edmonton as their manager of election and census services for the past 10 years. She’s taken them through their last four civic elections. We’re very pleased to have her on board.

Another new face with me tonight, who just introduced himself, Ried Zittlau, who is a former assistant deputy minister, former returning officer – he has a lot of good election experience – and chartered accountant, who is now our director of finance.

The last time I was here before the committee, I began with an apology, an apology for not having a service plan to accompany my budget. It was just recently after I had been appointed, and there hadn’t been a lot of time for me to lay out a vision, a new direction for the organization. We’ve done this now, and I’ve provided you with what we’re calling a service plan, complete with specific performance measures that give you a good indication of our direction over the next few years.

We’ve set out five major goals for ourselves: to encourage citizen participation, to enhance voter services and accessibility, to expand assistance to political participants, improving communications with stakeholders, and improving election administration. In the area of encouraging citizen participation, we plan to conduct an advertising campaign this election, deliver voter cards directly to voters’ homes, develop a provisional voters’ list for 16- and 17-year olds, develop supplemental education resources for use in schools, conduct school presentations, and eventually support student council elections.

To enhance voter services and accessibility, we plan to promote online voter registration as a form of self-registration, promote advance and special voting opportunities, examine hours of voting and additional days of advance voting, and reduce distance to the polls in rural areas. Eventually we’ll be researching vote-anywhere strategies.

To expand assistance to political participants, we plan to further

improve the quality of the voters' list; improve the quality of mapping resources for campaigning; improve the guides for candidates, parties, and constituency associations; establish an all-party committee to advise the Chief Electoral Officer; offer campaign information sessions; and eventually develop an online system for financial preparation and filing for candidates and parties.

In the area of improving communications with stakeholders, we plan to expand information on our website for voters, political participants, educators, and the media; increase co-operation and joint initiatives with municipalities, other jurisdictions, the private sector, and community groups.

To improve election administration, we plan to recommend further legislative changes, develop a GIS capability to improve mapping and addressing, make further improvements to the register of electors, harvest best practices from other jurisdictions, and develop an inventory management system.

I want to begin the discussion of our budget with a demonstration of a new service, the kind of ingenuity you can expect from Elections Alberta in the future. This particular new service figures very prominently in our plans for maintaining the currency of the register of electors. It's called Voterlink. It's a new online voter registration system which we developed and launched a week or so ago. It's the first secure system of its kind in the country. This committee was the first to be notified of this new online service when we sent you the launch notice in early November.

I was recently invited to Ottawa by Elections Canada to demonstrate this new system to the new Chief Electoral Officer for Canada, Marc Mayrand, and all of the other Chief Electoral Officers from across the country. They were very impressed with the simplicity, the security, and the elegance of this system, and they agreed that this was the kind of service that voters should expect to see from electoral administrators. In fact, Elections Canada wants to study this system more closely so that it can model its plans to develop a similar type of system for all Canadian electors. I also received a request yesterday from Newfoundland, who have asked for a copy of our system so they can adapt it for use in their province.

By way of background you all know that you have to be on the voters' list before you can vote, and ideally the key is to get on the voters' list before polling day. Naturally, we'd prefer if you were on the list before polling day so we don't have to lengthen your visit by having you produce identification at the polls to register at a polling station. Having a good list at the outset of election obviously helps us to do a better job administering that election, but it's equally important for candidates and parties as well as they attempt to communicate with voters during the campaign period. It's also important for MLAs and parties for communication with electors between elections.

In the past we used to go door to door to enumerate the entire province in order to create a list of electors, and every election we'd start with a clean sheet of paper and create a new list. This wasn't a very efficient way because most of the information that we collect doesn't change all that much from one election to the other. So we got a little smarter over time, and we sent out enumerators to confirm or update information from the previous list. This was a little more efficient, but it was still a very huge undertaking, and it cost the province about \$5 million in 2004. With the increased cost of labour, benefits, travel, materials, and the sheer volume increases due to unprecedented growth in the province, I estimated last year that a full-scale enumeration in 2007-2008, the year we're in now, would cost about six and a half million dollars. If we were going to be conducting a province-wide enumeration in the next fiscal year, it would cost us about \$8 million. What I did was that I proposed taking a small amount of that money that would otherwise be spent

on enumeration and investing it in a permanent register of electors. Not only did that result in cost savings, but it also produced a list that can be kept up to date much more economically.

8:30

Following that approach, we were able to prepare an election budget last year that eliminated about \$5 million in enumeration costs. We budgeted for only 25 per cent of the cost of a full enumeration to conduct targeted enumeration in high-mobility and new-growth areas of the province. Now, this year I'm proposing a further reduction to the cost of targeted enumeration because of this new secure online voter registration called Voterlink. Every time someone updates their voter registration information using Voterlink, we potentially save about \$2.50, which would otherwise be the cost for us to enumerate the person.

All the elector needs to use the system is an Alberta driver's licence or a personal identification card issued by Service Alberta. There are currently approximately 2 and a half million eligible electors in Alberta, and we have access to the driver database of over 2 and a half million licensed drivers in the province. I'm not suggesting for a moment that these two databases match up perfectly, but my point is that the vast majority of eligible electors in the province can now use the system to independently update their voter registration.

I want to show you how easy it is to use. It takes about three minutes to register to vote or to change your registration information, but it's going to take us a little bit longer because I want to demonstrate some of the features of the system. If I can have Lori go onto the Internet, she's just going to google here because this is usually what people use as a search engine. It's one of the most common search engines. You type in Voterlink, the name of the system. You go for a google search. The first item listed is the Voterlink home page. The user would click on that, and up comes the Voterlink system.

We explain the purpose of Voterlink. It's for registering first-time voters or changing existing registration information. We tell people that they'll need a driver's licence or Alberta identification card. We had initially estimated that the time would be about five minutes for this, but we found through the tests that we've done that it takes people considerably less time to enter their information.

If you click on Next, these are the two forms of identification issued by Service Alberta: the driver's licence on the left and the personal identification card on the right. In the red circle there we've shown you a number. Now, I want to explain that we have intentionally not used the driver licence number, which we could have used for this system. As you know, the driver's licence number is often used as a form of identification. It's written on the back of cheques, it's provided to retailers and so forth, and occasionally those systems get hacked into, and that information goes missing.

We've used another number off the driver's licence. It's called an MVID number. Actually, driver licence people were going to get rid of the number because they had no use for it. However, the number is a cradle-to-grave number. If a 12-year-old is issued a personal identification card for air travel, for example, later when they turn 16 and they get a driver's licence, they still have the same MVID number. As a senior, if you've given up your driver's licence and you get a personal identification number, you still have the same MVID number. It follows you from cradle to grave.

We're asking the elector to indicate two pieces of information, a shared secret. They've got their driver's licence in front of them. They enter the MVID number, and they enter their name exactly as it appears on the driver's licence. They have to enter those two pieces of information in combination; otherwise, the system won't work. They won't get entry to the system.

I've given Lori my driver's licence, and she's going to enter my MVID number. It's a nine-digit number.

Mr. Flaherty: What if you're a senior and you don't have a driver's licence?

Mr. Gibson: If you don't have a driver's licence or personal identification card, you can't use the system.

Now, she's going to enter my name as it appears on the driver's licence: Gibson, Lorne. I'm just going to ask you to make a mistake on that. If you just drop the "e" on my name or whatever and then try and enter the system, it'll indicate to you that it's not valid, that it's not valid information. It has to match up exactly. A person couldn't go in there and bombard the system with numbers and names. It would be impossible to ever be able to hack into the system, which is something you can do when you're only using a number. We're using the two pieces of information in combination. You can correct the information and put the "e" on my name.

Go to the next screen. Now what's happened here is that information has been sent using a secure socket layer. It's the same technology that banks use for financial transactions so that people can't hack into the browser and collect the information that a user has been transmitting. What we're doing is that we're asking the individual to answer some questions. These are the same questions that we would ask people at the door when we enumerate.

We're asking if you're a Canadian citizen, and you can check off that I am; if I've been ordinarily resident in Alberta for the last six months – yes – if I'm 18 years of age and older. Now, here's a question where we allow you to enter the system and to register as a provisional voter even if you're under 18 years of age. We take people who are 16 and 17 years old, and we put them on a provisional voters list. As soon as you turn 18, you automatically get flipped onto the voters list. We have no other way of capturing 16- and 17-year-olds because, of course, they never enter our system. We have no means of updating their information or tracking them. So you can indicate that I'm over 18.

Now, the last question is rather unique to Alberta. Are you serving a prison sentence of 11 days or more for an offence other than nonpayment of fines? In order to be a voter, you can't be serving a prison sentence. You can indicate that, yes, I am serving a prison sentence and see what happens. This is true of any of those questions. If you don't answer the right combination of questions, it prompts you. It says that you must not be serving a prison sentence or else you can't go any further in the system. You can go back, Lori, and you can indicate that I'm not serving a prison sentence, and we'll proceed with the registration.

Mr. Marz: What if you say no and you are?

Mr. Gibson: Well, of course, you know, people can lie. They can lie at the door when you enumerate as well. They can say that they're a Canadian citizen when they're not. They can say that they're 18 when they're not. There's a lot of trust and faith built into the system that we have, particularly at the front end. Hopefully, at the back end, with scrutineers at the polls and the ability to challenge voters by scrutineers, by election officials, and the requirement to show identification, it does catch people. The other thing that I think is important to note is that the system we use involves people that have to live in the electoral division to work at the polls. Usually they're people who live in your community; they're your neighbours. We haven't found that there's been a problem with voter fraud, but there are some very stiff penalties for it, and I'll convey those to you later.

Mr. Marz: Those that are serving a prison sentence would be more likely to lie about that particular thing.

Mr. Gibson: That could be, too.

Lori, if you would just move down as well a bit. I just wanted to show that there's a progress bar at the bottom that shows you how far you are in the system. You can click on Next now that you've answered the questions correctly and move to the next screen. The next screen shows the information that I've provided so far. Now, let's put my middle name in there: Randall. You can enter my phone number, 780-633-9884, and my e-mail address: lorne.gibson@shaw.ca. This isn't required information. It's very helpful for us.

Mr. McFarland: Before you go any further, you're being recorded.

Mr. Gibson: Yes. That's fine.

The Chair: You know, we were just discussing that right there. You're okay with this going on the public record?

Mr. Gibson: I don't have a concern about that.

Mr. McFarland: It's on *Hansard*.

Mr. Gibson: The telephone number, as you know, is information that we ask for, that we provide on the voters list to candidates and parties. It's not required on the part of the voter to give that information. We ask here for an e-mail address, and that's so that we can contact the voter if they're having difficulty with their registration.

You can click on Next, Lori. Now it asks me to enter my home address.

The Chair: Are you sure you want to do that here today? Seriously, I just want to respect that.

Mr. Gibson: Okay. We can use a different address.

Mrs. Sawchuk: Your business address.

The Chair: Yeah. That would be a good idea.

8:40

Mr. Gibson: Sure. Lori, can you enter the work address or just make it up: 123 Main Street is fine. We can overwrite this later: 123 Main Street, Edmonton, T6J 2L1. You can put the real one in because then we'll get the MLA later. I have no mailing address, so we can just continue on from here.

Now, we asked this question here. This is really for our information. People that are double-stacked at the same address is a perennial problem with those that maintain voters lists. We get information that someone has moved into a house. Well, that's fine. We've got Mr. and Mrs. Brown living in a house, living at 123 Main Street, but we don't know whether Mr. and Mrs. Smith have moved out of the house. We can't make that assumption because not in all cases does someone move into a house and the others move out. So we ask the voter here if they've moved since November 2004, when the register was created: yes or no? Yes, I did move here since then. It wasn't a brand new home. It was an existing home, and the previous residents moved out. So now I know that the previous residents moved out of the house, and I can remove them from that address.

You can click Next. Now it returns the information about me that I've entered. You'll note here that we've provided the elector with no information. It's only information that the elector has provided

themselves. We've run this through the Privacy Commissioner's office. They're very pleased with this system. They had no privacy concerns with it because they're not giving any information back to the voter. We're not giving some other information, some other address where someone might live or some alternate names or any identifying information about the voter. It's only what you've put in yourself. But we know who you are because we have your information from your driver record.

That's the information I entered. If you want, Lori, you can just click on the personal information. I looked at that, and I decided: no, I don't want Randall in there. I'd rather you just put R. Just put my initial in there. That's fine. You can go back, and I'll look at the information one more time. Yes, I'm happy with it. It's got my middle initial.

Now I'm going to declare that the information that I've entered is true and accurate, and you can confirm that it is. I've completed the routine of registering to vote. You can see at the top there that there's a button you can click which is for registering another voter at the same address. I want to point out that you can't just go and register as many voters as you want. They all have to have the MVID number/name combination. We just make it a little easier for you because we have your address information already.

We have also given you a few links to some different information there. You can go to the Elections Alberta website. You can go to a map of Edmonton-Rutherford, which is where I live, or you can click on the MLA. If you click on the MLA, you'll get information about my MLA, Richard Miller, and a link to his website or his biography or whatever.

If you go back, Lori, you can indicate Next, and now we're finished. So you've completed the routine of registering to vote.

I want to show you one more thing about this, and this is just to demonstrate that this information has been captured by us and is going to be entered into the register of electors. Lori, if you can go to our management information system, we have an event management system we call AROES, Alberta register of electors. It does more than maintain a register of electors. It manages the election for us. It's accessible over the web. It's used in our returning offices and by us centrally in order to co-ordinate the events of an election. We've shared the system with Saskatchewan, with Nunavut, and with the Northwest Territories. We've provided it to them and customized it for their use.

You can go here, into our AROES system. Lori has entered her password and so forth. This just happens to be the enumeration portion of it. You can see the tabs at the top. There's a portion for entering candidate information and polls and polling places, staff payment information, and the official results of the election. You can go down, Lori, to the area where we've captured the information under Voterlink statistics. We've got information about the entries that we've had on that particular day. You can see at the top now that Lorne R. Gibson has just been entered on the register of electors. Now, this isn't a copy of the register. We couldn't show you the actual register itself. It's a holding tank, really, for the registrations that have occurred this day. So that's the system. You can shut that down if you like, Lori. If you like, you can ask some questions about that now or later on if you prefer.

I just want to point out that my purpose in taking the time to demonstrate the system is because of the impact that this is going to have on our budget for the next fiscal year and for election budgets to come. With the anticipated uptake on this system we expect to be able to further reduce the funds that we would otherwise have to spend updating the register of electors between elections and on target enumerations just prior to elections in the future.

So, committee members, if you have questions about the system, I suppose I can answer those now. I have a little more information. I want to move on to the budget now.

The Chair: Indeed, we do have at least a couple people on this point. Laurie, do you have something on this point? You were first on the list.

Ms Blakeman: No. It was more generally under a section about citizen participation.

The Chair: Okay. Do you want to save that?

Ms Blakeman: I'll come back to it.

Mr. VanderBurg: I just want to get it clear. When the enumerator comes to my door and I say, "Hey, you don't have to spend time with me; I've already been at Voterlink," am I going to have to sit there and give that person all the information again?

Mr. Gibson: No, you wouldn't. In fact, no one has to answer the questions of an enumerator. A lot of people do refuse to be enumerated.

Mr. VanderBurg: No, I don't mind being enumerated. I just want them to move on.

Mr. Gibson: Yes. Absolutely. As I say, if you've done that, the person does move on. The enumerator does move on, and they don't get paid for that call.

Mr. VanderBurg: How do you get the information to the enumerators that I, George VanderBurg, and my wife have already registered?

Mr. Gibson: Unfortunately, we can't target it down to every household to say that George VanderBurg has registered with us and that the registration information is correct. There could be information about you that has changed since the time you registered. You know, we don't know how up to date it is. We don't go door to door province-wide anymore. We don't go to, you know, a million and a half residences in the province anymore. What we do is go to high-mobility areas and new growth areas, new subdivisions, that sort of thing. We go where we get the biggest bang for our buck. Yes, absolutely, we can be going to homes where someone is perfectly registered and all their information is up to date, in which case we have the information before us. The enumerator simply confirms that the information is correct and then moves on.

The Chair: Barry, did you want to comment on this point or wait until later?

Mr. McFarland: Yeah. I'd just like to ask a question, Lorne.

Mr. Gibson: Yes.

Mr. McFarland: Let's just assume it was Little Bow.

Mr. Gibson: Little Bow, yes.

Mr. McFarland: And it showed that I was the MLA. The person that's registering wants to know who the NDP and the Liberal candidates are. Why would it just show me?

Mr. Gibson: Well, it's showing you because right now you are the MLA. There doesn't necessarily have to be a candidate for any other party in that area. There only is a candidate in that area after a candidate has been nominated and they've registered as a candidate.

Ms Blakeman: Does it show differently during the writ period?

Mr. Gibson: No, that information doesn't show differently. However, on our website there are other applications you can go to to find out who's running in any particular division. So it's a different application. It's not really connected to voter registration.

Mr. McFarland: Is it necessary? That's the only point.

Mr. Gibson: No. You know, it isn't necessary to say who the MLA is in a particular area. It's not necessary to show the map or, you know, any of that info or to go to our website. This was just information that we thought would be helpful to the registrant.

Mr. McFarland: My second question. I'll make it really quick. We've got a lot of people coming in throughout the province. I notice driving around that a lot of them still have a Saskatchewan licence plate. They probably still have a Saskatchewan driver's licence. They're going to want to register. Is there any way they can get past that driver's licence provision, assuming that they're being legal citizens and are going to convert their licence in time?

Mr. Gibson: Yes. Absolutely. In the advertising that we're doing – and we recognize that the limitation of the system is that it really is designed as an online system for those that have a driver's licence or a personal identification card issued by Service Alberta. If that doesn't apply to you or if you don't have a computer or don't have Internet access, you can still always call our office. In the advertising that we're doing – and I'll get into that in a few minutes – we provide the contact numbers for our office. You can go through our website or call our office, and we can register you. If it's just a matter of your not having access to a computer or the Internet but you still have a driver's licence, we'll register you online ourselves or we'll register you through the mail.

8:50

Mr. McFarland: Thanks.

The Chair: Ms Blakeman, you're going to wait until after he's done with the budget?

Ms Blakeman: It's an access question.

The Chair: Okay. Good.

Now, I do want to just let you know – again, not to rush you – that we had until 9:15 budgeted, and believe me these folks are going to have a few questions. So as soon as you're finished with the budget portion, I'll be happy to have them ask their questions.

Mr. Gibson: Okay. I just want to begin with the expenditures for 2007-2008. You'll see that there are expenditure forecasts for the remainder of the fiscal year pretty much in line with the budget that we presented last year. This forecast, of course, assumes that there would be a general election before the end of the fiscal year. If there is an election before the end of the year, then we're projecting to be over budget by \$569,000. This is essentially the cost of the two by-elections we held last June in the electoral divisions of Calgary-Elbow and Drumheller-Stettler, which we didn't budget for separately last year, and also for the cost of the negotiated salary settlements and the in-range increments that we were asked to absorb in this year's budget.

I just want to point out that we typically budget for up to three by-elections in a nonelection year. Naturally, if these don't materialize, we return the money to the general revenues. Financially right now we're loaded up for a general election to occur in this fiscal year, but so far there has been no election, and if there is no election by March 31, then we'll be returning a large portion, \$8 and a half million to \$10 million,

of the money that we have in our budget. That'll go back to general revenues. As I told the committee last time I appeared, if there's no general election in 2007-2008, we won't be spending those funds, but we will be budgeting for them in the next fiscal year, which is what we're doing now.

You can appreciate that it's difficult for us to budget with any certainty because we don't know when elections are going to be called. There are no fixed dates for elections here in Alberta as there are federally and in six other Canadian provinces. This uncertainty is the nature of our business, as it is yours. It's our job, though, to have plans and preparations in place and the necessary funding to be able to run an election whenever it's called.

So what I've done here is I've presented you with a budget for 2008-2009 to show you what the costs of running a general election would be if there is no election this fiscal year. You can see from the budget forms that I submitted that we've been able to contain the budgeted costs for an '08-09 general election to a modest 6 per cent increase over what we budgeted this year. The increase is deceptive because it doesn't tell the whole story of how we've been able to contain the rising costs of delivering the same and, hopefully, a better service to Alberta voters and political participants.

We've been able to contain those costs by several efficiency measures. In preparing this estimate of the costs for '08-09, we've had to deal with a whole variety of cost pressures. First of all, the volume increases. We have a dramatically increasing population in Alberta. The electorate population increased by 142,000 this year, or almost 6 per cent. The cost of elections is directly related to the size of the population. Larger populations mean more voters; more voters mean more polls; more polls mean more election workers and more materials.

The second cost pressure that we face is increased fees for election workers, that are set out in the fees and expenses regulation. These fees went up an average of 12 per cent since the last election. The fee per name for the collection of information by enumerators went up from 56 cents to a dollar per name.

The third cost pressure is increase in rents for polling places and commercial spaces for returning offices. Last election we staffed 5,400 polls at 1,500 locations in the province. The number of returning offices remain the same, but the polls and the polling place locations are going to expand considerably. When the fees and expenses regulation was amended last year, the ceiling on what could be charged for locations containing multiple polls was lifted, and we've had to factor in a 20 per cent increase in the cost of commercial space for six weeks to two months for renting returning offices.

Just as an adjunct to the rising cost of poll locations I want to mention that most of our polls are located in schools, as is permitted in the Election Act. Students are attending classes for the majority of the time that polls are open, and increasingly schools are asking and in some cases demanding that we provide or pay for additional security and traffic safety around school parking lots for the security of their students. This is going to cost us an additional \$125,000. We've had to budget for this, and we also had to budget for furniture rental and janitorial services in schools. If Alberta soon fixes its date for elections, perhaps with creative solutions, like co-ordinating election day with scheduled school closures for teacher professional development or some other administrative closure, it would be possible to avoid this concern.

The fourth cost pressure we've had to deal with is simply inflation. I won't belabour this. Did you know that the CPI for Alberta went up 4.9 per cent last year? Yesterday, it was reported that the inflation rate for Alberta last month was 5 and a half per cent. This isn't just an escalating cost of all the items that we have to purchase. It's also that the increasing electorate population has compounded these inflationary costs with the volume increases that we have.

Now, the question comes: how have we been able to contain these

cost pressures such that the election budget for the next year is not that much greater than the election budget for this year with all of those cost pressures that we face? We've been able to mitigate these cost pressures by several efficiency measures, the first of which is that most of the savings we've been able to achieve relate back to our plans to eliminate the full-scale enumeration of the province. There has been a 75 per cent reduction in the costs of enumeration, which used to account for about half of the total election cost, and with Voterlink, which we demonstrated, and the projected use of this system to enable voters to update their registration information, we're budgeting for a further 5 per cent reduction in the need for target enumeration. This will save us about \$400,000.

Again, as a result of target enumeration, we've eliminated the province-wide advertising for enumerations, which we used to do prior to enumeration. That saved another \$157,000. We've decreased our data acquisition cost by about \$95,000 through successful negotiation with partners we have in supplying information that we use to update the register. We've saved \$150,000 by acquiring 300 computers for use during the election from the computers for schools program at no cost, and we've saved another \$95,000 by using an alternative server strategy for this election. We've gone with a shared server strategy rather than a stand-alone server, which we would have had to purchase.

Finally, I want to mention that we've received the equivalent of approximately \$4.1 million worth of free advertising for our Voterlink service through partnering with the driver licensing office, a major utility company, the Alberta Real Estate Association, and Welcome Wagon.

I'll just pass around a sample of these inserts. These are going to be inserted in all the driver's licence renewals that go out in the next five years. They're going to be in every vehicle registration renewal. They're going to be inserted in utility bills and in newsletters provided by the utility company. There's going to be free advertising in the Alberta Real Estate Association and through Welcome Wagon.

I guess that considering the time, Mr. Rodney, I'll stop there, as I'm sure you have questions about other aspects of the budget.

The Chair: Thank you for that.

Laurie Blakeman, would you please start us off.

Ms Blakeman: Thank you. This may be in part of your goals and strategies, but maybe I'm not recognizing the language. I represent and campaign in an area where more than 85 per cent of the residents are in a restricted access building; in other words, some sort of security access building. So access during an election is really important. In the previous election your predecessor had worked hard with the apartment owners to alert that grouping, and it was very successful. We had a lot less trouble getting into those, not only my campaign but all. But the condominiums continue to be a problem because they think that their own condominium association can override the Election Act by simply saying: we're not going to let people in. I'm wondering if you have a strategy for working with both the apartment owners and also the condominium boards to explain to them that access is important, that it's about democracy.

9:00

Mr. Gibson: Thank you, Ms Blakeman. This is one of the areas that we've gone into with returning officers in the past. Right now we have no returning officers. When we get returning officers appointed, part of the orientation and training that we do with them is to alert them to this issue, to the provisions in the act requiring landlords, condominium associations, superintendents of blocks to give access not only to their enumerators but also to candidates during elections. We have a strategy in place whereby the returning officers, once they are appointed, will be gathering the names and contact information for the condominium

associations, for the owners of buildings, and for the managers of properties and contacting them in advance through a letter with information about the provisions of the act, letting them know what the law says.

Ms Blakeman: Okay. Good. Thanks. I've had recent experience with the civic election, which is really an eye-opener because people are much more open to the civic elections than provincial ones. I'm wondering if part of what Voterlink could do or what you're looking at – and you've mentioned a couple of times – is about different levels. Are you looking at a permanent voters list that would combine with the city information and federal information?

Mr. Gibson: We do have a permanent voters list now. It's called the register of electors. We use information from Elections Canada. When I was in Ottawa last week, I was informed that they have 200,000 updates for Alberta prepared. We have information from driver licensing, from Alberta Health, from vital statistics, and we obtain information from the city of Calgary census and from a variety of municipalities. We use all of that information. We match the information, we look at the most recent dates of moves, and we incorporate that into the register of electors to keep it up to date. In the last two by-elections we had in 2007, there were only 10 per cent of the people that appeared to vote that weren't on the voters list, that had to be sworn in at the polls. That, for us, is very manageable. We have a 90 per cent coverage rate right now for our voters list.

Ms Blakeman: That's good.

The last thing. Under goal 1, section 7, developing community partnerships, I'm wondering if you've considered talking to Canada Post because again I noticed during the civic election that Canada Post was really inconsistent about the use of its services and was giving contradictory information. If that's one of the ones you're looking to build a relationship with and share information with, I might suggest Canada Post.

Mr. Gibson: We've had meetings with Canada Post I think probably over the last nine months. We're working closely with them. In the two by-elections we piloted the delivery of voter cards directly to the homes of voters in Calgary-Elbow and Drumheller-Stettler. That project was managed along with us with Canada Post. They did the delivery, and they did the printing of the cards.

Ms Blakeman: To every household? They didn't exclude the ones with the junk mail stickers?

Mr. Gibson: I can't say for certain. That wasn't something that came up as an issue that I'm aware of in that area. I mean, there certainly were some cards that were undeliverable and that sort of thing or an address that didn't exist because a house had been demolished.

Ms Blakeman: No. This is their admail program. They won't deliver to houses that have "no admail" stickers on the mailboxes.

Mr. Gibson: I wasn't aware of that, but that's an issue that we can discuss with Canada Post, yes.

Ms Blakeman: Okay. That's good. Thank you.

The Chair: Thank you, Ms Blakeman.

Mr. VanderBurg: Well, I've got a few points, and one of them Laurie touched upon. I've written the Prime Minister a letter on the Canada

Post issue. In my constituency I have 18,000 households, and 11,000 only have availability for me to mail to because it's called customer choice and points of service. The PM's office has directed Canada Post to deliver MPs' mail to all points of service. So in my constituency the MP can mail to 18,000 constituents in Whitecourt-St. Anne, but I can only mail to 11,000. I think, quite frankly, that's unfair.

I talked to some constituents about junk mail, and they considered junk mail to be flyers. They didn't consider junk mail to be election information: where to vote at your poll. I find it interesting that there's a set of rules for the feds, for the MPs, but a different set of rules for the MLAs and local politicians. So, you know, if there's something that you could work on on that, I would appreciate it. Like I say, I've sent my personal letter.

Ms Blakeman: Get your provincial government to go and beg.

Mr. VanderBurg: Well, I've done that too. I got the minister to write a letter as well.

Some of the common complaints that we have during election time – and I know it strays a little bit away from your budget – has a little bit to do with policy. In our constituency, you know, people working at the polls are your neighbours and your friends. People know each other in our small communities. The complaint that you get is: why do I have to show my aunty my ID to vote?

Then the second question that I most often get is on the advance polls, that we seem to still be pretty stringent on advance polling rather than just treating it like another polling day. We're trying to encourage voters. We're not trying to, you know, give them the third degree when they show up.

If the election was today in Whitecourt, I have 1,150 motel rooms that are filled, and we have 1,500 people occupying camps that can't get home to vote because of work. I know you're working on that opportunity in the future for people that don't work in their constituency and can't get home to their constituency. So whatever you can do to improve that situation to improve voter turnout, I would encourage you to do it. Equal to my constituents working in Fort McMurray, I have your constituents and your constituents and your constituents working in Whitecourt.

Mr. Gibson: If I might just make a comment on a couple of these points. You mentioned a scenario where, you know, friends and neighbours are working at the polls and the situation where they know someone coming in and they're requiring them to show ID. The simple answer to that is that if a person is not on the voters list, it's the law that they be required to show identification. We don't have any vouching system here where you'd say: well, I know that person, so I can vouch for their identity.

Mr. VanderBurg: But even if you're on the voters list, don't you have to show your ID?

Mr. Gibson: No, you don't. You only have to show your identification if you're not on the list.

Mr. VanderBurg: Okay.

Mr. Gibson: So that certainly helps out a lot of people, and you can inform them of that.

In terms of the stringent advance poll rules this is something that I made a recommendation about to the Legislative Assembly over a year ago now along with about 98 other recommendations. One of them was to remove some of the requirements for advance poll voting, and one requirement is, really, if you're unable to go on polling day. It's not just

simply a preference on the part of the voter to vote in advance. A lot of jurisdictions have removed some of those restrictions and really opened it up to say that there's not just one day of voting, that there are several days of voting, and there are several days in advance of actual polling day. Now, you're expecting that most people will arrive on polling day, but if you prefer to vote some other time for a matter of convenience, you can go any day you want. This is something that I've recommended: some of the restrictions and the declarations and so forth that people need to sign when they go to advance polls, just to make it easier for people.

Mr. VanderBurg: Thank you.

The Chair: Our last question of the night, before I just have mine, is Mr. Barry McFarland.

Mr. McFarland: Not a question so much as maybe a heads-up. I don't know how closely you work with the information that Elections Canada would have, but I recall that in our last federal election, at least in our riding, there were glaring errors. We had people registered at polling stations that were a hundred miles away. We had people that were being directed to go to this poll to find out: no, you are going to another poll. One little village is a hundred miles from Calgary, and we had residents from Calgary, Bragg Creek, registered at that polling station. I'm not saying that that happens to you, but is there any way that you could test your voters list to make sure that kind of error doesn't show up like was quite obvious with Elections Canada?

9:10

Mr. Gibson: Yes. Absolutely. We have a data-sharing agreement with Elections Canada whereby we share with them information that we have on our provincial register of electors, and they share with us the information they have on the national register of electors for Alberta. However, we don't just take the information that they provide to us and flow it into our list without any question. We take a look at the addressing and make sure it conforms to Canada Post guidelines. We run it through the StreetSweeper software program to make sure that it's a proper address and has the proper postal code connected to it. We also make sure that it's within the polling subdivision for the electoral division that we have.

The information that they have provided to us: you know, the boundaries are different for the federal ridings than they are for our provincial ridings, so we don't use that information. We apply our own. Also, when we do get returning officers, that's one of the first jobs that returning officers have after their initial orientation. We give them their voters list, we give them the addresses, and we ask them to go through and make sure that the right addresses are linked up with the right polling subdivisions. We get them to actually move them around or suggest to us where the moves would take place, and we data-enter those moves. Hopefully, we can improve upon the quality. I would never guarantee that it's going to be 100 per cent correct.

Mr. McFarland: In all the elections I've ever seen – and I'm not professing to know why it happened – it appeared to me that maybe it had been a manual postal code that had been entered by the voter himself/herself. Then when it was input, maybe it was slightly wrong, and it happened to match with this other postal code a hundred miles distant. If that's all they were looking for, it would be easy to overlook.

Mr. Gibson: Yes. Sometimes when the systems are so automated, those sorts of things can occur. I have to say that not everyone knows their postal code, and when we collect the information, people give us the wrong postal codes. But we do run all of our information through a

program I mentioned called StreetSweeper, that makes sure that the postal code that you've given, first of all, is a valid postal code, that it does exist and is an Alberta postal code, and that it does match with the street and street number for the address so that, hopefully, we won't have that problem.

Mr. McFarland: Thank you.

The Chair: Very good. Thank you, sir.

Just a comment and a quick question of clarification if I may, Mr. Gibson. First of all, I want to support every one of the members who had a question or a suggestion because these are, honestly, exactly the comments, questions, and suggestions that I hear from both constituents and fellow MLAs. I am not going to repeat everything they just said, but consider it said again if you would.

I want to thank and congratulate and, well, just show an expression of appreciation for the innovative efforts that your staff have done in the past and, I trust, will continue in the future, not just to get people to vote – you've heard other ways and you know other ways that you want to explore in the future – but also to save costs. I mean, everybody wins that way. Yeah, a round of applause for that.

You knew I had to ask about the \$569,000 overrun just because we need to get on the record how this works. I appreciate that on page 3 there are 15 different reasons, explanations of change for the budgets from year to year, but I thought I heard you say that embedded in the budget is a cost for up to three by-elections per year. We only had two last year, but I thought I heard you say that the \$569,000 was basically because of the two. Can you just clarify?

Mr. Gibson: Yes. There are actually two reasons. I mentioned that in a year that we budget for general elections, we assume that either general elections are going to occur or the by-elections are going to occur. We have historically had up to three by-elections in a year, so that's what we budget for. However, when we budgeted for the general election, we assumed that there would be by-elections, in which case we would have sufficient funds – and there were by-elections – but we didn't assume that we'd have both in one year. So the overrun would be attributable to not only the by-elections. I also mentioned that there were the negotiated salary increases that we absorbed, that we were asked by the Department of Finance to absorb in our budget because of the funds that we had available. We did that, and that's what would create the overrun if there was a general election this year.

The Chair: Okay. Good.

Well, you know, I would love to say good night to everyone here, but at this point we only get to say good night to Mr. Gibson and his staff. We have Other Business, Date of Next Meeting, and Adjournment, but we will say congrats and thanks to you folks. We'll ask you to leave us to finish off our last three quick items, if you would. Thanks again for being here. Cheers.

Mr. Gibson: Thank you.

The Chair: I'll ask this question while you're in the room, but you can feel free to run if you care to. Other Business: anything that people want to discuss? Mr. VanderBurg.

Mr. VanderBurg: Yeah. I want you to discuss with the appropriate minister the recommendations from this last presentation and find out where they are.

The Chair: Recommendations specifically referring to your points?

Mr. VanderBurg: No.

Ms Blakeman: No. The legislative change.

Mr. VanderBurg: There's apparently a report and some recommendations.

Ms Blakeman: Yeah. I've seen it twice.

Mr. VanderBurg: Advanced polls and that sort of thing.

The Chair: Yeah. I'll write that one down.
Anyone else?

Ms Blakeman: Yeah, I've seen it.

There were just the two things I put on the note for you, if you want me to put them on the record.

The Chair: Right. We'll move right into that if there is no other business.

Mr. VanderBurg: Are we having another meeting to make recommendations?

The Chair: No. Next meeting we have two other officers to review. So the date of the next meeting as was set is this coming Monday from 6 till 8 maximum because we're sitting till 6, and we start again at 8. That's when it's scheduled for. I don't think anyone in this room is a big fan of this, but we really don't have an alternative.

Ms Blakeman: No, but some of us are already scheduled to have an additional meeting next Monday from 8 to 9:30 for yet another one of these all-party committees.

The Chair: Right.

Dr. Pannu: I have an 8 o'clock meeting next Monday in the morning as well, another one of the committees.

Ms Blakeman: Yeah. We must be on the same one, Raj.

The Chair: Well, I can tell you that it's pretty standard procedure. A lot of us on this side of the House are busy from 7:30 a.m. until whatever the end of the day is. I don't mean to compare. I say that we're all ugly to ourselves in this job, but we don't have an option.

An Hon. Member: And getting uglier.

The Chair: Yeah. So I guess I'm saying that the good news is that we have one more meeting for two hours; then, hopefully, we're done.

Ms Blakeman: So you're going to insist on this meeting being then?

The Chair: Well, does anybody have an option? I've seen schedules with more and more meetings for mornings and afternoons, over the lunch hour, over dinner, into the future. We were polled, and people said that they were available at that time. I understand that was before the evening session.

Ms Blakeman: Well, you've got a government motion calling us into evening sittings.

Mr. Marz: If you've got quorum.

The Chair: We would need a quorum of – what is it? – four?

Mrs. Sawchuk: Yes, Mr. Chair.

The Chair: I'll be here.

Mr. Marz: Yeah. I'll be here.

The Chair: We have enough. I don't want to put people on the spot, but we do have enough. I don't like it; I know you don't like it. We'll get this done. In January we have a meeting on a day when there's nothing else on anybody's agenda, as I understand it. So my sincere solidarity and apologies and appreciation.

Ms Blakeman: Do we have that January date?

Mrs. Sawchuk: Yes.

Ms Blakeman: We do?

The Chair: Yeah. The 30th.

So with your mixed blessings I will then ask for a motion just before the motion to adjourn. Dr. Pannu.

Dr. Pannu: Yeah. Just clarification. Next meeting is then just to receive the two budgets?

The Chair: We have two more officers.

Dr. Pannu: Yeah. Just to receive that information and ask questions?

The Chair: Indeed.

Dr. Pannu: The decisions on the budgets will be made by the committee in January?

Mrs. Sawchuk: No.

The Chair: No. That can't be done. What I am hoping we're able to do is make those decisions on Monday as well.

Dr. Pannu: Okay. That's what I'm asking.

Mr. VanderBurg: I have no problem making the decisions tonight on what we've received tonight, just in case there's a new crew next Monday.

The Chair: Okay. Is that the will of the committee? I'm just sitting in the chair.

Mr. VanderBurg: I have no problem. I'm here.

Ms Blakeman: I have to be up in less than eight hours, so I'm sorry. I can't stay any longer.

The Chair: Okay. Thank you. I appreciate that; I really do.

Well, how quickly can we do this? We can pass three motions rather quickly, I presume, if everyone is in agreement.

Mr. VanderBurg, would you care to make a motion, then. I didn't anticipate this, but believe me this could be a great time saver. If everyone is in agreement, I don't see a reason to not do it.

9:20

Mr. VanderBurg: We'll start with the Ethics Commissioner.

The Chair: Sure.

Mr. VanderBurg: I'll make a motion to accept the Ethics Commissioner's budget as presented.

The Chair: Okay. Any further discussion required after the hour or so we had with him? No? All those in favour? Opposed? That's passed.

The next motion that we could entertain would be with respect to the budget estimates for the office of the Auditor General to be approved as presented.

Mr. Ducharme: I'd like to make a motion that the Auditor General's budget be approved as presented with the exception of the \$20,000 for the semiannual report.

The Chair: Okay. No need for a seconder. Discussion on the point, anyone?

Dr. Pannu: I have concerns about the exception. I think the questions that were asked of the AG with respect to the additional costs for the semiannual report were answered fully to my satisfaction. I think it's a good way to go, and the kind of efficiencies that will arise from this kind of reporting, you know, more frequent reporting, are certainly worth the \$20,000. I think we'll get a lot more out of that in terms of keeping track of how the system works, how it functions, how efficiently it works. We'll get the information in time in order to respond to changes that might need to be made. I think I would not be in favour of making the exception of \$20,000.

The Chair: Okay. Thank you for that.

Further discussion on the point, gentlemen? No? Do I hear the call for the question?

Hon. Members: Question.

The Chair: All those in favour of the motion as dictated by the hon. member? Okay. Against? That motion will be passed with one noted exception. Okay. Thank you.

Finally, with respect to the Chief Electoral Officer.

Dr. Pannu: Yes. I would move that the budget as presented by the Chief Electoral Officer be approved.

The Chair: Okay. Discussion on that point?

Hon. Members: Question.

The Chair: Those in favour? Those opposed? That matter is passed.

Mr. Ducharme: Let's adjourn.

The Chair: Anyone opposed to the motion to adjourn? Thank you all, gentlemen. Thank you so much.

[The committee adjourned at 9:23 p.m.]

