



Legislative Assembly of Alberta

The 27th Legislature
First Session

Standing Committee
on
Legislative Offices

Friday, November 28, 2008
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Standing Committee on Legislative Offices

Mitzel, Len, Cypress-Medicine Hat (PC), Chair
Lund, Ty, Rocky Mountain House (PC), Deputy Chair
Bhullar, Manmeet Singh, Calgary-Montrose (PC)
Blakeman, Laurie, Edmonton-Centre (L)
Campbell, Robin, West Yellowhead (PC)
Elniski, Doug, Edmonton-Calder (PC) *
Horne, Fred, Edmonton-Rutherford (PC)
Lukaszuk, Thomas A., Edmonton-Castle Downs (PC)
MacDonald, Hugh, Edmonton-Gold Bar (L)
Marz, Richard, Olds-Didsbury-Three Hills (PC)
Notley, Rachel, Edmonton-Strathcona (NDP)
Webber, Len, Calgary-Foothills (PC)

* substitution for Robin Campbell

Support Staff

W.J. David McNeil	Clerk
Louise J. Kamuchik	Clerk Assistant/Director of House Services
Micheline S. Gravel	Clerk of <i>Journals</i> /Table Research
Robert H. Reynolds, QC	Senior Parliamentary Counsel
Shannon Dean	Senior Parliamentary Counsel
Corinne Dacyshyn	Committee Clerk
Erin Norton	Committee Clerk
Jody Rempel	Committee Clerk
Karen Sawchuk	Committee Clerk
Rhonda Sorensen	Manager of Communications Services
Melanie Friesacher	Communications Consultant
Tracey Sales	Communications Consultant
Philip Massolin	Committee Research Co-ordinator
Stephanie LeBlanc	Legal Research Officer
Diana Staley	Research Officer
Rachel Stein	Research Officer
Liz Sim	Managing Editor of <i>Alberta Hansard</i>

Standing Committee on Legislative Offices

Participants

Office of the Ombudsman	LO-17
Gord Button, Ombudsman	
Glen Resler, Director, Corporate Services	
Office of the Ethics Commissioner	LO-26
Neil Wilkinson, Ethics Commissioner	
Noela Inions, QC, Registrar, Lobbyists Act, and General Counsel	
Karen South, Senior Administrator	
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Lorne Gibson, Chief Electoral Officer	
Lori McKee-Jeske, Deputy Chief Electoral Officer	
C.J. Rhamey, Director, Election Finances	
Drew Westwater, Director, Elections Operations and Communications	
Office of the Information and Privacy Commissioner	LO-39
Frank Work, Information and Privacy Commissioner	
Sophia Furtak, Manager, Finance	
Wayne Wood, Director, Communications	
Office of the Auditor General	LO-45
Fred Dunn, Auditor General	
Loulou Eng, Manager, Finance	
Jeff Olson, Chief Administrative Officer	

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[Mr. Mitzel in the chair]

The Chair: Good morning, everyone. I'd like to call the meeting to order and to welcome everyone here. I know that there are a couple of others that are travelling that are going to be in shortly. I'd like to welcome all of our members and, of course, our guests.

For the record we'll ask everyone to introduce themselves. I'm Len Mitzel. I'm the MLA for Cypress-Medicine Hat, and I'm also chairing the Standing Committee on Leg. Offices.

Mr. Lund: Ty Lund, MLA for Rocky Mountain House.

Mr. Horne: Fred Horne, MLA, Edmonton-Rutherford.

Mr. Elniski: Doug Elniski, MLA, Edmonton-Calder.

Mr. MacDonald: Good morning. Hugh MacDonald, Edmonton-Gold Bar.

Ms Blakeman: Good morning, and welcome, everyone, to my fabulous, nonsnowy constituency of Edmonton-Centre. I'm Laurie Blakeman.

Mr. Button: Good morning. I'm Gord Button, the Alberta Ombudsman.

Mr. Resler: Glen Resler, director of corporate services, Alberta Ombudsman office.

Mrs. Sawchuk: Karen Sawchuk, committee clerk.

The Chair: Just for the record, MLA Elniski is substituting for MLA Campbell.

Okay. All the officers' budget materials were posted on the Internet website last Thursday and Friday. I hope everyone has had an opportunity to download or look at those. Also, a reminder, too, that the committee is hosting lunch today, and all the officers and their staff are welcome to have lunch with us.

Let's move on to the agenda. A motion to approve the agenda? You have that in front of you. Moved by Fred Horne. Any amendments to this agenda? All in favour? That motion is carried.

I believe the minutes were circulated as well. Could I have a motion to adopt the minutes as circulated? Moved by Ty Lund. Any errors or omissions or revisions for these?

Ms Blakeman: In reviewing what I was going over today, there was, clearly, a discussion that happened, actually around the Ombudsman, at the July meeting, which I was not able to attend, and I'm not able to find out what the discussion was because, of course, it was held in camera. So it's not in *Hansard*, and it's not reflected in the minutes. What's the process for me to find out what was discussed? Clearly, decisions were made, and work has been done as a result of that, but I can't find out what it is.

Mrs. Sawchuk: Mr. Chair, I would assume that the member could speak to other members on the committee or even the committee clerk to find out, you know, their discussions in camera, if she had specific questions. There won't be a record per se anywhere; you're correct there.

Ms Blakeman: So I'd have to rely on word of mouth or somebody else's sort of take on the proceedings in order to get it. If that

person's take is a little off or not reliable or they were a little sleepy or they left the room for five minutes and I don't get the whole story, tough luck.

The Chair: That's right. That's typical of anything that's held in camera. There is no record of it.

Ms Blakeman: Well, that's why we shouldn't be doing it quite as much as we do if I might make that observation. Thank you very much for the information.

The Chair: Any other questions or comments on the minutes? Could someone move approval of the minutes of the August 20 meeting?

Mr. Lund: I so move.

The Chair: All in favour? Opposed? That's carried.

People will be receiving the 2009-2010 budget estimates for the officers today as well as their business plans. We'll be starting with the Ombudsman. I'd like to certainly welcome Mr. Button and Mr. Resler here. Before we begin, though, I want to mention that in previous years the committee has waited, you know, to pass motions on the budgets until after all of the officers have made their presentations. This has worked well in the past, and I think it has been incorporated into our agenda as well. Just to note that.

Good morning, Mr. Button. I think that we've had an opportunity to look at your cover letter, your business plan, your 2009-2010 base budget, and your expanded budget. I welcome you here. You've introduced yourselves, so if you can keep your presentation to about 45 minutes, then that will give us, certainly, another half hour to be able to ask questions and everything. I'd ask you to please proceed.

Office of the Ombudsman

Mr. Button: Certainly. Thank you, Mr. Chair, and good morning to all. As was mentioned by the chair and in my covering letter, I've taken a little bit of a different approach in my budget presentation to the committee this year in response to the rather lengthy discussion that I had with the committee on, I believe, July 29 of this year when the committee expressed some of their thoughts and preferences and the initiatives that they felt were worth my exploring further. In the documentation, hopefully, it's clear to you. I've presented my regular budget presentation, which I've entitled my base budget, and a second proposal, that responds to that discussion from July 29, that I pursue opportunities to expand on problem resolution initiatives and to also raise the profile of the office through systemic, own-motion investigations. That portion of my budget is entitled my expanded budget, and I'll give you more detail on that as we go along.

As you no doubt know, I think, by now, Glen Resler is my director of corporate services. When I'm stuck for an answer, particularly when it gets down to the nitty-gritty of the numbers, I may defer to Glen.

I will, I think, just for the record confess that I, and I expect not unlike most of you, am still kind of trying to figure out how this process of budget updates and budget submissions based on my business plan is going to integrate with the plan of the committee to question the officers with respect to our annual reports.

8:40

My process in the past five years that I've been the Alberta Ombudsman: basically, I think, I've presented an overview of my

annual report as supporting comment and documentation with respect to my budget update and my projections for the coming year, so forgive me if there's some repetition and some overlap. Also, a lot of the information I discussed with this committee on July 29, when I met with you to discuss my reappointment, may be repeated today, but I also note that there were a number of alternates sitting in at that meeting, so for some of you it may be somewhat repetitious.

As an overview I'll provide in my introduction a copy of my organizational chart just to give you a sense, many of you being new on the committee, as to the structure of my office; an update on my strategic business plan results; an overview of the workload of the office; some of the innovative things we're doing to manage that workload; some of the things that are coming in the future; a few issues that are on my radar; and then get into the detail of the budget forecast and estimates and certainly leave appropriate time for discussion.

I believe you all have a copy of the PowerPoint deck that I prepared. I didn't prepare it to present in PowerPoint format because this room, really, I have found in the past is not conducive to PowerPoint presentations, but I think it is of value that you have a copy of my speaking notes, just to follow along. I've given you a copy of my organizational chart. I apologize; I noticed yesterday when I started counting the numbers and counting the heads that there was one investigator position left off the Edmonton office list of investigators, so there should be one more investigator there: a total of 15 investigators and analysts, six administrative support, my senior counsel, my Deputy Ombudsman, and Mr. Resler, my director of corporate services, for a total current FTE base of 25. One of those investigator positions is currently vacant. We've just finished a competition, actually, and have identified a short list of certified candidates, and I'll be meeting with them next week to hire at least one to fill that position.

I've provided you a copy of my three-year business plan and an internal scorecard, that we use to track our progress on the key initiatives within that business plan. I won't go into a lot of detail on that because that's part of my annual report, and I expect that that will be part of the discussion we will have at some point in the future when the committee examines me with respect to my annual report.

The next slide is a matrix that just tries to demonstrate for management and business planning purposes our goals and our objectives and how they interrelate in order to ensure that the objectives we pursue will operationalize the goals we've set for the office. You can see that the goals we've set are high-quality service; fairness and accountable administration; alignment of resources, policies, and processes with core business objectives; and public awareness education. Then looking down the vertical axis, the objectives we've pursued are to manage the workload in an efficient and effective manner, to excel in investigations, to support workplace wellness and staff development, and to enhance the knowledge and understanding of the role of the Ombudsman. The axis depicts how each of the objectives focuses on the achievement of specific goals.

Breaking down further from the objectives, then, as you'll notice in the scorecard, we've provided a large number of key initiatives, the actual hands-on, what we are doing in order to attain those objectives and, therefore, support meeting of the goals by the office. The scorecard that I provided to you with my budget submission tracks our accomplishments against our objectives. As you would have noted, most of the goals and objectives have been accomplished or are being accomplished, and some of them we're continuing to monitor because it's important to continue to ensure that we're meeting them.

One of the struggles that we have had since I've been the Ombudsman and continuing to this day is the time it takes us to complete investigations. We're facing an increasing workload and a significant changeover of personnel in my office. Since I became the Ombudsman five years ago, I believe about 16 – that's close – of my 25 staff are new. We've had a considerable turnover that was, by and large, just a product of the demographic situation most organizations are finding themselves in, where we had a lot of very senior personnel. They have moved on to pension, and we've replaced them. We've had to hire and train a significant number of new investigators, in particular.

We've set some significant challenges and targets for ourselves in the current fiscal year, 2008-09. One of the other factors is the complexity of complaints. We've noticed and continue to see a significant increase in the complexity of the complaints coming to us, which is reflective, I think, of the information age that we're in. The availability of information to citizens through the Internet and other sources in order to put forward their arguments has increased dramatically.

One of the significant factors in the workload, although the numbers have increased marginally some years more than others, is that the challenge of the work has increased more so than those numbers would indicate. One example of that is that when I became the Ombudsman, about 25 per cent of our investigations were complaints within Alberta corrections. To categorize those against the rest of the workload, they were relatively straightforward, one-dimensional investigations that were easier to investigate in shorter timelines as compared to, for instance, investigations from injured workers complaining about Workers' Compensation Board, regional health authorities, health professions, and those other types of investigations.

Through a number of proactive initiatives we've been able to work with Alberta corrections, and we've reduced the numbers of complaints coming forward from corrections to now only about 12 per cent of our total volume. That's good news. The bad news is that our volume is still up, and the volume is made up of what would be normally more complex and, therefore, more time-consuming investigations, just to give you an idea.

We've set a standard this year of each investigator completing 25 formal investigations during the year as a goal to try to address the current workload demand and the backlog that we have. The backlog is significant. We came into the current fiscal year, as you will have noted in my annual report, with 278 active investigations spread amongst 13 active investigators, a pretty significant file load when you consider the complexity of them. The unfortunate reality of that is that it is often some six to eight months before we're able to get at actively investigating a new complaint.

We have to take them in some sort of priority order. We do a triage process and identify those that are urgent, where the person complaining is at risk or at peril at the time because of the decision in question, and we do move some of them to the top of the pile in that way. With that kind of a backlog and with investigators carrying approximately 20 open investigations at any one time, the reality is that the backlog of six to eight months is a challenge. None of us in the office, I assure you, feel that that is appropriate or fair. We are working diligently and, as you'll see later on, have initiated some innovative approaches to the work to try and bring that timeline down.

Just looking at the workload for the most recent fiscal year, 2007-08, our oral complaints were up 5 per cent, our written complaints were up 12 per cent, and new formal investigations were up 26 per cent. Really, the number of formal investigations is the truest measure of our workload. That's what takes the time. We've done

an analysis of the first almost eight months, I guess, of the current fiscal year, April 1 to November 25, versus the same time period in the previous fiscal year, and we're maintaining the pace we were at last year. I don't see a significant further increase this year, but with the 26 per cent increase last year we weren't looking for any increase this year either.

As far as managing that workload, as I mentioned, it is increasing not only in volume but also in complexity. Whereas complaints used to come in as a two- or three-page letter, it's not uncommon for complaints to come in in file boxes with the very significant issues. I know this isn't anything that's new to MLAs. The complexity of delivering services to people combined with what I certainly have perceived over the last many years of people becoming much more involved in how they are delivered services and programs just has a natural duplicating effect. Therefore, those time frames to complete investigations remain a concern.

8:50

We have worked as a unit. We had a retreat in March, where we spent two days as an entire office just looking at how we do the work and looking for efficiencies in how we process the work and how we could streamline it. You've all, I'm sure, at one time or other dealt with the challenge of the desire to deliver a Cadillac level of service, the reality being that you can only afford a Chevy Cobalt. It's a difficult challenge, especially in the kind of work we do, where we're investigating complaints from citizens of Alberta who feel they've been unfairly treated. It's difficult not to give them the Cadillac level of service, and my investigators struggle with that concept every day.

Some of the things we have done: we've given the investigators more flexibility to prioritize investigations, to assess the investigations as they're assigned to them and to look at those that are more urgent and bring them to the top of the pile faster as opposed to just dealing with them in date order of receipt. We've tried to narrow down our focus to substantive issues. Just by way of explanation, when we conduct an investigation, there are substantive issues: what brought the complainant to our door in the first place; why do they think they've been treated unfairly?

We have always focused, as you would have also noted, more systemically and looked more broadly when we do each of those investigations to identify systemic or ongoing issues that although they may not have impacted on the situation as it pertains to the particular complainant that brought the matter forward, there are unfairnesses in the systems. If those aren't identified and rectified, they're going to result in an unfairness downstream of that decision point and, therefore, affect other people.

By way of explanation, as an example, I often look at the AISH program. I believe this year there are about 36,000 clients receiving benefits in the AISH program. If during the course of my investigation of a specific complaint from one applicant for AISH I'm able to identify a systemic unfairness that exists in how that program is being delivered and work with the department through my recommendations to rectify that systemic unfairness, 36,000 clients a year tend to benefit from a better service delivery program.

That's why it's also hard to convince ourselves not to do the full systemic investigation on each complaint. We certainly see the relevance, and we've seen some significant results in a lot of departments over the last five years, where you will have noted from my annual report that there have been some significant developments and changes for the better in the way programs and services are delivered.

We've looked at utilizing administrative support staff in a more proactive way. We're involving the administrative support staff in

some of the processing of investigational files and doing research and putting documentation together to assist the investigators. So we're not limiting people or pigeonholing people to their certain roles; we're utilizing all of our staff to the best of our ability in a team concept.

We've taken steps to streamline our internal reporting processes and our requirements for such things as contact with complainants while still respecting the need to keep complainants involved in the investigation and make sure they know what's going on, not to the degree where it becomes onerous and repetitive and is not really serving a purpose. We had last year in my budget submission to the committee proposed an additional FTE for the coming year, for '09-10, to continue to tackle that problem, and that, you'll see, is in the budget again this year.

We've implemented a mentoring process for new hires, for new investigators, where a senior investigator is assigned as a mentor for each of the new investigators. We keep that process in place for probably the first two to three years, so the new investigators have a go-to person. Not that we discourage them from discussing things with all of the staff, but they have a go-to person when they're not quite sure what to do next that'll help them get through those humps and not leave them wondering what to do.

We've completely updated and reviewed our policy and procedures manual to ensure that it's current and is a good training guide for new staff as well as a source of review for our more experienced staff to go back to, to make sure that we're being consistent with the policy and procedures we've identified.

As a result of the FTE increases the committee has provided me in the last couple of years, we've expanded our management support by creating senior investigator team leader positions, one in the Edmonton office and one in the Calgary office, to lead the more complex investigations and also to provide leadership and direction and guidance to the more junior investigators. That's been very successful.

For those of you that have been at my presentations before, I know the question is often asked about our structure. As you can see from the organizational chart, the management structure is a very flat structure. Glen Resler is responsible for all of the administrative support and corporate management. I have a Deputy Ombudsman who has complete responsibility for all of the ongoing investigations and operations, one senior counsel who provides us with legal guidance and advice in the operations of the office and in the conduct of investigations, and myself. We have basically two hands-on managers – the director of corporate services and the Deputy Ombudsman – a staff person in our senior counsel, and me as the Ombudsman. Everybody else is totally operational. The rest of those people get pretty operational on occasion as well and are involved in daily decisions.

Looking to the future, I will discuss with you later in my presentation funding for two initiatives that have been included in my expanded budget that's in response to suggestions in discussions I had with the committee in July of this year. I'm bringing those matters forward. As you'll see, they're phased in over a two-year period. If we're going to move forward with those initiatives, such things as the infrastructure impacts, the requirement for changes to the Ombudsman Act are going to require some lead time so that we can have those factors in place, and I'll discuss that with you more. The expanded budget proposal would see an increase of two additional FTEs in the coming year, in 2009-2010, and then five additional FTEs in '10-11. I'll give you more detail on that as we move along.

Just to flesh out those two initiatives further to our discussion on July 29, there was significant discussion about the profile of the

Ombudsman office and comments from several of the people on the committee. Most notably, Dr. Taft commented about the need to increase the profile of the office and become involved in more high-profile investigations. That's always been an authority that I've had, to do investigations either on my own motion or at the request of a minister, but with the rebuilding of the office and the personnel changeover that we've had, I simply haven't had the capacity to do that in the past. As I say, the backlog and just dealing with the reactive complaints is at most times as much or more than we can deal with.

There is an active need – and my counterparts in other jurisdictions across the country quite actively do pursue own-motion systemic investigations done with an announcement inviting the public to participate and be involved in those investigations and then to provide their own personal information. They result in a report at the end of the process, wherein the findings and the recommendations are reported publicly.

I can also investigate those complex matters on the request of a minister. It's really the proactive role of the Ombudsman. I'm sure you would have read the outcomes of investigations that my counterparts in other provinces, most notably British Columbia and Ontario, have done over the last few years in identifying through those systemic own-motion investigations some very significant need for change. As a result programs and services have been improved dramatically by the Ombudsman taking that role.

The other initiative of significance that this committee discussed with me in July was informal problem resolution. As most of you may know, I introduced alternative complaint resolution in the office since I became the Ombudsman. I don't have a legislative base for that. I've done that through working co-operatively with deputy ministers and the administrative heads of organizations and asking their co-operation in allowing my staff to enter into alternative complaint resolution. It certainly can be expanded upon, and as we discussed back in July, whenever you can resolve matters through less formal means, I think it serves everybody's interests. It takes less time, it creates less animosity, it builds trust, and it gets at solving the problems quicker.

9:00

There is a portion of my work that's amenable to informal problem resolution. There is also a significant portion of my work that's not amenable to that, but we could certainly all benefit by an expansion. It would require an amendment to the Ombudsman Act to give me a legislative basis to do informal problem resolution and mediation. Again, that would take some time, and that's one of the reasons why I'm making a proposal that will be phased in over a two- to three-year period. As an example, the Ombudsman in Saskatchewan does have provisions in legislation and does have a two-person mediation unit that specifically looks at the opportunities to pursue problem resolution through alternative dispute resolution and mediation as opposed to formal investigation. I'll give you a little bit more overview of what that will entail.

On the radar screen in the last year we were required to go to court, to the Court of Queen's Bench of Alberta, with the chief commissioner of the Alberta Human Rights and Citizenship Commission. The chief commissioner took a position that we weren't entitled to legally investigate decisions or actions of the commission and that, secondly, if we were, he had no right to implement any recommendations I made. We were successful in pursuing that through the Court of Queen's Bench, and we got a ruling last spring that indeed I did have the jurisdiction to investigate the actions of the commission and that the commission did have the appropriate right to implement my recommendations should they see

fit. We're still working through that process. There are still some hiccups. I've got about 10 active investigations that have kind of been in a holding pattern for a year because of that situation, and in fact I just sent a report yesterday to the minister responsible for the Alberta Human Rights and Citizenship Commission outlining the current status and asking to resolve that further. That's a follow-up to a meeting I had with him in October.

We implemented a survey of complainants this last year to get a handle on how complainants who bring forward complaints to us perceive our services. We certainly didn't go into that without our eyes open. We know that everybody who brings a complaint forward to us firmly believes in their mind that they were unfairly treated. The reality is that our investigations find that in a great majority of cases people were appropriately treated, but obviously there's that percentage where we find unfairness, and that's what necessitates the office.

Very preliminary results of that survey are within our expectations, but they have identified some areas that we can focus on. There is one question we asked. The Ombudsman Act provides that no one should be put in jeopardy or punished because they bring forward a complaint to the Ombudsman. We asked a question with respect to that. We got a significant response from people. I don't know whether it is the way the question was worded or whether it was the intent of the respondents, but the response seems to be that a significant number were adversely affected by having lodged a complaint with my office. That's of great concern to me, and we've been discussing in the last few weeks how we can follow up on that and determine whether, in fact, that's an accurate response or whether it was that maybe the question led to the wrong response.

We did the first round of survey by sending out surveys to all of the complainants from a past fiscal year. We're now in an ongoing process where we're sending out surveys after files are closed, so we'll get more up-to-date information and will continue to look at those factors.

We are facing an attraction and retention issue. That has certainly been a challenge for us in the last couple of years. As we all know, we're in brand new times when it comes to the market and the employment situation, and I don't know what that's going to bring. We've had difficulty attracting new staff through our competitions. In fact, we ran a competition to staff an investigator position last spring and were not able to identify a suitable candidate through that competition, and that, I think, just reflected the very hot job market in Alberta.

Also, there's a classification issue. We're in the process of doing a review. Other organizations have successfully completed a classification appeal and review. Most notably, the Alberta Human Rights and Citizenship Commission was successful in having their portfolio officers elevated in classification and therefore elevated in pay range. We're going through that process.

An analysis that Mr. Resler has completed would indicate that the financial impact were we to be appropriately successful in a review of the classification could be in the range of \$50,000 a year because of salary increases to my staff. We haven't included that in this budget submission, and we would probably be in a position of having to come back with a supplemental estimate should that reclassification occur in the coming year. It's certainly an appropriate and necessary review in order to stay competitive in the job market and make sure I can continue to attract and hire the quality of people I need to conduct our investigations successfully and professionally.

The public agencies governance framework is a significant development in the last year. It was approved last February, I believe, and I think lays out a very good framework for the responsi-

bility of government to hold agencies, boards, and commissions accountable, to enact public reporting requirements, to enact competency-based hiring and appointment requirements. It is something that we're focusing on because there are 250 agencies, boards, and commissions in Alberta, and virtually all of them are within my jurisdiction to investigate. This new governance framework certainly extracts and makes clear for once in my mind the accountability relationship that exists between a minister and the head of an agency, board, or commission as appointed by that minister and now gives us a good, solid framework within which we can look at and investigate those agencies. But, again, that's more work for us.

Our expanded jurisdiction is certainly starting to impact us, and primarily that's in the patient concerns resolution process, which formerly was within the regional health authorities and now is in a period of transition to the new provincial Health Services Board. The transition has created a lot of confusion, I think, not only for us but certainly for those delivering that service in that a number of deputy patient concerns officers were appointed, one for each of the former regional health authorities, and two patient concerns officers were appointed provincially, but our ongoing investigations indicate that there's a great deal of confusion and a lack of clarity on roles and responsibilities and where their final decision-making responsibility is. It seems to have put that process maybe off track a little bit during the transition.

With the health professions, as we continue to investigate into health professions that we haven't investigated in the past, we continue to find that it's a very time-consuming situation. As you know, the health professions were self-regulating and had not had external oversight prior to the passage of the Health Professions Act in 2001. Now, there's obviously and understandably some resistance when the Ombudsman comes in and does an investigation of their complaint-handling process and makes recommendations when they heretofore haven't had to experience and deal with external oversight. We've gone through that process with a lot of them, most of them successfully. We've, I think, had good success in bringing transparency to their complaint-handling mechanisms and ensuring that they're administratively fair, but as I say, each time we deal with one of the new colleges that comes on stream, we seem to have to go back to square one and deal with the same issues.

Getting into my budget forecast and estimates, the forecast for 2008-2009, we're looking at about an \$86,000 surplus in personnel. That's largely because of the one vacant investigator position that I mentioned we were unable to fill as a result of a competition last spring and also one investigator who has taken a period of parental leave starting last month and projected to go through to the end of the fiscal year.

9:10

We're looking at a \$33,000 deficit in supplies and services based on the need to hire a new IT contractor – our IT contractor wasn't meeting our expectations – improving security and improving the connectivity and the support in our Calgary office, and higher amortization from capital items purchased in 2007-2008. We're projecting a surplus this year of approximately \$53,000. We may hire against that, depending on the outcome of our discussions today, because we could certainly make good use of that with the hiring of another investigator. That compares, I believe, to a surplus at the end of closing of books last year of about \$15,000, and \$15,000 is not a very big cushion when it comes to running a budget.

Looking, then, at my base budget submission, one of the important factors to keep in mind or consider and certainly one of the struggles that we have is that 83 per cent of my budget goes directly to

personnel costs, and there's very little room for negotiation or management when it comes to that. The total personnel increase in my budget estimate for this year is 12 per cent, or just under \$300,000 – that breaks down into a 7.2 per cent impact, just meeting the requirements of the collective agreement based increases and merit increases for those staff who are deserving of merit increases within their classification – and 3.9 per cent of that is for a new FTE that I'm requesting to address the timeliness of investigations and the workload in general.

So that's a broad overview. I'll go through by line object the various elements of the budget with explanations for the increases and decreases, and certainly I expect you'll have some questions as we move along. For 2009-2010 on the supplies and services side we're looking at an increase of about 17 per cent, or \$74,000, the supplies and services side being a very small component of our overall budget. That basically comes from increased rates in the travel regulation for employee travel on investigations, some contract increases for consultants and printing, replacement of our IT provider to improve the quality of service, and an increase in the cost of software licensing.

Just of interest, when we looked at replacing our IT provider, Mr. Resler looked at the option of hiring an in-house IT specialist versus contracting with a larger firm. Hiring an in-house IT specialist, I believe, would have cost us about \$100,000 a year, and our contract for IT consulting services is about \$75,000 a year. The other benefit to that is that when you hire an IT delivery person in-house, you get one person, and they're left to their own avails whereas in contracting with a larger firm, our IT consultant has the support of all the staff of that firm and a much broader understanding and knowledge of the various components of our IT system. Obviously, I think it's money well spent and a more efficient and effective way of doing business.

We had no capital purchases this year, resulting in a small decrease, so the overall increase for 2009-10 of 13 per cent.

As I mentioned, I've presented my budget in a base budget, which I've just gone through, and in an expanded budget submission. My estimate for 2009-2010, based on that expanded budget submission, would be for two additional FTEs targeting systemic own-motion investigations, an increase of \$181,000 for salary, benefits, and training. I can house those additional staff within the current facilities that I have, so it wouldn't require any increase or change in our office space. Supplies and services to support that would be \$41,000, covering recruitment, furniture, computers, additional travel and expenses, for an overall increase to the base budget in 2009-2010 of \$222,000. That would respond to the encouragement I received from this committee at our meeting in July to expand upon those more high-profile investigations that the Ombudsman should be doing. It's basically the FTE increase and associated costs.

Taking that expanded budget submission forward to the next fiscal year, 2010-2011, as I mentioned earlier, in order to be able to move forward with this initiative, I do need agreement in principle and support from the committee because I need that much time in order to deal with the additional space requirements in my office and to also pursue the necessary statutory amendments to the Ombudsman Act that would allow me to do the more significant alternative dispute resolution.

I've determined that personnelwise I would need five additional FTEs to target the mediation and systemic own-motion investigations. That would result in an increase of \$421,000 for salary, benefits, and training and \$65,000 for recruitment, furniture, computers, and travel, so an overall budget increase of \$486,000.

The next slide I've provided just gives you sort of an overview of the FTE forecast of that expanded budget proposal: current year, 25

total staff, 13 investigators, and two complaints analysts. Looking out to 2009-2010, with the approval of the expanded budget we'd be moving up to 28 FTEs, 16 of those investigators, so all of the new hires are investigators. In 2010-2011 and onward moving up to 33 total staff: 20 investigators and one additional admin support, which would be assigned directly to provide admin support to those large, complex systemic own-motion investigations.

I've provided you, then, line by line with a base budget and the expanded budget.

What's our timeline, Mr. Chair?

The Chair: We've pretty well used up the presentation time, and if it's the wish, I think that perhaps we should go to the questions. Then we can work through the line items, and I think they'll be reflected in the questions.

Mr. Button: That would be my proposal. Having given you the details that we've given you in the submission, I think it would be a better use of our time if we went to the questions.

The Chair: Good.
Ms Blakeman.

Ms Blakeman: Thank you. I have questions in three areas, so I'll be guided by the chairperson as to whether I do them all now or go back to the bottom of the list.

The Chair: You can do them all now.

Ms Blakeman: All right. The questions are in the areas of performance measurements, the IT, and the travel. I must say, Mr. Ombudsman, that you certainly win the award for volume of information that you've provided. I do appreciate the fact that there's been a concerted effort to develop performance measurements and targets and to in fact measure. I do appreciate that.

My question is around your measurement of excellence. As I look at that objective, to excel in investigations, the definition – and please correct me – of excellence or excelling seems to be around an acceptable time frame to investigate complaints. I'm sure you're doing very fine work. I'm questioning a bit the measurement itself, I suppose. In fact, you could churn through a heck of a lot, but I don't know that that makes the investigations excellent or that the work excels in some way. Could I ask you to expand on how you are looking at this definition? Is it simply the time frame that you're looking at?

Mr. Button: Certainly, and I welcome that question, Ms Blakeman. It is one of the most difficult areas that we deal with. If you look at the key initiatives on page 11 of the business plan that I submitted in my package, you'll see that in addition to key initiative 1, which is that investigations of written complaints are completed within an acceptable time frame, key initiative 2 is quality of investigations, quarterly audit review processes with investigators on their portfolios to ensure they're provided guidance and direction. We've enhanced the quality assurance process to ensure that investigations are not only done timely but are done completely, thoroughly, and within our established policies and procedures.

We've also focused, as per key initiative 3, on involving complainants and keeping complainants involved and updated on the process of our investigations by establishing policies for constant contact with complainants early and often, ensuring that complainants are kept advised of the investigations as they're ongoing and of when they can anticipate the finalization of those investigations.

9:20

We've developed the mentoring process I mentioned earlier in my submissions so that new investigators have mentors, have somewhere to go to look for help, and we've established team leaders and senior investigators to provide more quality assurance and oversight of investigations to ensure that not only are the investigations done in a timely fashion, but they're done to the standard of quality that is necessary and important and to identify those programs or processes that are worthy of further consideration for any broad-based systemic own-motion investigation. So the approach is, in fact, I think, a very broad-based one, not focused solely on the time frames but recognizing time frames in bringing resolve to these issues.

Getting a response back in a timely fashion to the citizens who bring forward complaints is important, without denigrating the quality of that investigation and fulfilling our mandate. And as I mentioned earlier, that's where you get into that constant conundrum of trying to determine what's a Cadillac level of service, what's a Chevy Cobalt level of service, what we can afford to give to the citizens of Alberta, recognizing that we would like to give everybody the Cadillac level.

Ms Blakeman: All right. So under objective 2, then, it is a mix of objective time measurement and subjective.

The Chair: If I could interject for just a moment. All of a sudden we've got a very long list that just came up, so if we can tighten up the questions and answers. I appreciate the need for a full explanation, but this all happened in a matter of the last two minutes.

Before you start again, Ms Blakeman, just to note for the record that Ms Notley, a member of the committee, and Mr. Lukaszuk and Mr. Bhullar have also joined us.

Ms Blakeman: The second question was around the fairly significant increase in the amount of money for IT. You have explained that you weren't happy with your previous person, and you did in fact look at – well, I'm sorry; I'm calling it IT. It appears here under note 8; you're calling it network support and technology services. You did look at a staff position versus a consultant, but I'm wondering: seeing as part of the reason for the jump is that you weren't happy with the consultancy work, how do you know you're going to get what you're looking for this time? Since it seems to have been accompanied by a significant increase in money, were you just not paying enough for the consultant before and didn't get one of high enough quality, and you're paying more for one now and will be happier with the service?

Mr. Button: There are a number of factors. I think I'll defer to Glen Resler, the director of corporate services. That's directly within Glen's purview.

Mr. Resler: You're correct on a couple of points there. The previous firm we contracted with actually lost their staff, in addition to an inferior service that we were receiving. So, in effect, we no longer had support provided by that company, hence the reason for looking for what is out in the marketplace.

Our service levels. We have difficulty in attracting service in our Calgary office. That's always been an issue, the high turnover of staff in Calgary. Most of the support for Calgary was through Edmonton, which wasn't a superior level, wasn't a basic level of service in providing to them. So one of the needs was to ensure that the company has adequate staff in both Edmonton and Calgary. The level that we found through the competition was a little bit higher.

We compared what the other Leg. offices provide. We compared other consultant companies. The increase itself is approximately \$20,000. We're looking at around \$75,000 because there are additional costs to the contract, and it'll provide us the depth that we require for hardware support: servers, routers, connectivity between Edmonton and Calgary, and the desktop services if you have support issues on the individual person.

Ms Blakeman: Okay. The final question is: what are we expecting to gain from the attendance of the staff people at the world conference in Stockholm? We are investing money, it appears, both according to note 3 and again in note 4, I think. We're in over \$20,000, if I'm reading this right, to send two staff members to that conference. What is expected to be gained?

Mr. Button: I think the approximate total is \$10,000.

Ms Blakeman: There's a note under note 3.

Mr. Resler: For \$1,080 and \$9,300.

Mr. Button: So about \$10,400. I've put that in, and I've put that in separately on purpose. The International Ombudsman Institute, of which I am the North American representative on the board of directors, holds a world congress every four years. This particular cycle has been increased to five years, and it'll be held in Stockholm, Sweden, in June of 2009. It represents the 200th anniversary of the establishment of the first ombudsman office in Stockholm in 1809. The world congress is a learning and development congress. Presenters are internationally acclaimed world leaders, so that part of it is a three-day learning experience. Day 4 will be a celebration of 200 years of the ombudsman around the world, hosted by the government of Sweden.

I put it in separately. I think it's worth while to support and promote, but I didn't want it to be a factor upon which my entire budget hinged. If it's supported, I would like to reward a couple of my staff by sending them to the congress and supporting it. If it's not supported, it's not supported, and we move on, but thank you for the opportunity to discuss it.

Ms Blakeman: Good. Thank you.

The Chair: Okay. Thank you.

Mr. Lukaszuk.

Mr. Lukaszuk: Thank you. Mr. Button, first of all, I have to commend you for the work that your office does. I have sent constituents to your office on some occasions, and your office investigated their files thoroughly. Outcomes were varied – in some cases you supported the constituents' claims; in some you didn't – but I found the process always to be thorough and fair.

That leads me to my first question relevant to your satisfaction review. I would like to know how much that review cost. My comments may be as subjective as the outcome of this review, but I can tell you, just based on the limited number of constituents that I sent to your office, that even in the cases where you supported them and overturned decisions, they left dissatisfied because they entered a process in a very adversarial situation. They are not happy with the department, and no matter what your decision would have been, they will leave the office unhappy. So it's a very subjective way of analyzing a level of satisfaction. I'm wondering what the objective cost in dollar value and the subjective gain will be to the taxpayers of Alberta from this entire process.

Mr. Button: Certainly. I did discuss that in some detail during my presentation, but I'm not sure, Mr. Lukaszuk, whether you were present yet or not. The answer to your first question is that it cost us stamps. We did all of the work internally. We developed a survey instrument based on survey instruments that are used by other ombudsmen's offices in North America and applied it to our situation, and it was all delivered and assessed to this point in time very preliminarily, I agree, by my current staff. So there was no significant cost involved.

Your second point, your subjective point, is very relevant. We went into it with our heads up. We know full well that every complainant who comes forward believes one hundred per cent that they've been unfairly treated, and we know from our experience that for a significant majority of those we're going to find that they were treated administratively fairly within the guidelines that the service delivery people had to follow, the legislation and regulation that applied. We were under no illusion that we were going to get a response that was overwhelmingly favourable to our office. But given that, it's still good information for us to work with, for my staff to know and for me to manage by to have some sense of what areas, particularly, are leading to dissatisfaction so that we can look at those and say: can we do something better there?

We are just in our infancy doing this. We certainly are looking at more objective and more professional approaches if it's warranted in the future, but we're a small office. We know, by and large, that everybody that comes to us, although we address the administrative fairness of how they were treated, they all have a dollar sign on their minds when they come forward because they want more money. I don't deal with them getting more money. I deal with: were they treated fairly by the system? So there is an inherent dissatisfaction that you alluded to that's always going to be there.

9:30

Mr. Lukaszuk: Mr. Button, relevant to the cost of it you're saying that you did it internally so it doesn't cost. Well, you're applying for FTEs. Your staff is stretched as is to the max right now, so if you're giving them this extra work, this accounts for some of those FTEs, so there is a cost. It's a hidden cost, but there is a cost.

Mr. Button: There is a cost, Mr. Lukaszuk, but the effort here was borne by my administrative support staff. In fact, if we have any flexibility, it is with my administrative support staff. I didn't involve any of my operational or investigative staff in the process.

Mr. Lukaszuk: Two more quick questions. It may be my ignorance, but is there a meritorious argument why your office should be running two offices, one in Edmonton and Calgary? It said in your comments that your Edmonton office is supporting your Calgary office because you can't find staff over there. After all, you just said you're a very small operation. You're spending significant dollars on IT and travel. Would it not be something to consider to amalgamate this office into one location and realize some synergies?

Lastly, my last comment to you will be as you keep referring to Cadillac, this may not be the time to be referring to a GM product when you're arguing for a budget. A Toyota would be a better argument perhaps. But I'm looking at your actual 2007-08 and your estimated '09-10. You're looking at a 36 per cent increase between two fiscal years, and that raises some flags in my mind. I know you indicated increases through your line items, but that's a large increase to be asking for.

Mr. Button: Just to be clear, you're looking at current year?

Mr. Lukaszuk: No. I'm looking at the 2007-08 budget and then your estimated for '09-10. So over two fiscal years you are requesting a 36 per cent budget increase, and that's significant. If you can comment on the two offices and overall the growth in your budget, I'd appreciate it.

Mr. Button: I will try to be short, Mr. Chair, recognizing your time constraint.

The two offices. The primary reason to have an office in Calgary and an office in Edmonton is to be responsive to the citizens of Alberta. Our complaints come from all over the province. We primarily split the line in Red Deer. My Edmonton staff investigate complaints from citizens from Red Deer or north of Red Deer. My Calgary staff investigate complaints from Red Deer and south. In the investigative process there is a need and a requirement to have personal contact with complainants. Obviously, having an office in Calgary allows my investigators there to much more efficiently have that personal contact with the complainants from southern Alberta and conversely the Edmonton staff with complainants from northern Alberta.

You mentioned supporting the Calgary office. The Calgary office is strictly operational. It's strictly investigators and two support staff. There is no corporate services and no administration or management staff in Calgary. They are five investigators, two admin support that do the work for the people of southern Alberta.

The increase. Again, 83 per cent of my budget is FTE based. The increase in the current year was an increase in resources to get the work done, and the increase I've asked for in the coming year is primarily for another FTE, that would increase my capacity in the coming year. Recognizing that we are almost forced without option because of the bargaining agent agreements, we're looking at about 7, 8 per cent, a little bit more, a little bit less, just in cost-of-living increases and increments within range for employees who are deserving of meritorious advancement. So that takes about 15 or 16 per cent of the budget right off the top. The rest has been new FTEs. You'll note that our operating costs have not changed significantly.

I'm being as short as I can, but I hope that answers your questions, Mr. Lukaszuk.

Mr. Lukaszuk: I appreciate it.

The Chair: Thank you.

Mr. Horne.

Mr. Horne: Thank you, Mr. Chair. Mr. Button, thank you very much for a very informative presentation. In the interest of time I'll just limit myself to one question, and that has to do with the expanded budget that you've presented.

Just in listening to some of the challenges that you face – and I certainly understand that FTEs and retention of those employees is a concern – in the expanded budget you've talked about the potential for a role in mediation, alternate dispute resolution generally, for the office of the Ombudsman. Is there any plan in connection with that to not only undertake a mediation role yourself in the case of your own office where the circumstances are appropriate but perhaps also provide some training and some consultation to organizations and agencies that are the subject of your complainants' actions in an attempt to reduce the number of complaints that are coming forward that are found to be without merit? You've mentioned that the majority of your findings are that, in fact, administrative fairness is there. I guess what I'm trying to ask is: is there a potential here in the expanded budget that you're asking for to help you increase the throughput by not necessarily taking on the role of the mediator but training others and reducing the number of complaints?

Mr. Button: Certainly, if you look at my business plan, if you look at the matrix, public education is one of the four prominent goals. Increasing the level of understanding and knowledge that the public has, that department and jurisdictional authorities have of what constitutes administrative fairness, what is necessary in the interaction between the service delivery people and the citizen to ensure that they're being treated in a fair manner, is a primary concern. I do 50 to 60 public presentations a year to various audiences currently. I would certainly see and envision a role for that mediation unit to do some extensive work with authorities in particular and with service delivery people to ensure they understand what is important and necessary in the way they do their work to minimize the numbers of complaints that come forward. Whether or not the complaints are substantiated at the end of the day really isn't the significant element; it's building the degree of trust between citizens and people providing services on behalf of Alberta that is, I think, the more significant issue.

Mr. Horne: Just as a quick follow-up to that, I guess, perhaps I disagree. In terms of the information you presented, it is an issue for the office of the Ombudsman in terms of the number of complaints that come forward that could otherwise be dealt with through alternate dispute resolution if staff in agencies and departments had access to appropriate training.

Mr. Button: Maybe you misunderstood me or I misspoke, Mr. Horne. Certainly, I'm in total agreement with that. I think that is an important element of our work. I know Saskatchewan is the only other jurisdiction that currently has a full-time component, and a significant percentage of their time is spent in the education of citizens and department and government representatives with respect to problem resolution techniques. So I'm in total agreement with you, and I think it would be a very significant part of that unit should we be able to establish it.

Mr. Horne: Thank you very much.

The Chair: Mr. Elniski.

Mr. Elniski: Actually, my questions have been answered. Thank you.

The Chair: Thank you.

Mr. Lund.

Mr. Lund: Thank you, Mr. Chairman. Thanks for the excellent overview of your operations. I'm curious. You mentioned the two areas, the WCB and the corrections, that seem to create a lot of activity for your office. Has the WCB tapered off now? In the constituency office that was the main calls we got. Since the process has been changed with the appeals committee and a number of things that have happened internally, our complaints have just dropped right off. We still get the odd one. I'm curious whether those have dropped off with you folks.

My other area: the mediation issue. You mentioned something about a patient adviser, something in the health field. Currently, at least in the constituencies, that's where we seem to get so many complaints. I'm wondering if whatever it is that health has appointed, if those individuals – it sounds like there are several of them – couldn't be taking some of your workload and handling it. Then, of course, mediation, I think, is the way to go on so many of them.

Mr. Button: Certainly. I'll answer in two parts. Just by way of clarity, when I referred to corrections and the Workers' Compensa-

tion Board earlier, it was just by way of example. The investigations we do with the Workers' Compensation Board or the Appeals Commission for Alberta Workers' Compensation tend to be very involved, complex, challenging investigations that take a lot more time and resources than a complaint from, primarily, as an example, Alberta corrections, where an inmate is complaining about one particular act. Generally, those investigations were very narrow focused.

9:40

A significant reduction in complaints from corrections and a corresponding increase in the volume of complaints from other, more complex areas, in summation, results in a significant increase in our workload because of the complexity and the time it takes to do those investigations.

I don't know if Glen was able to find it. Off the top of my head I would say that our complaints with respect to Workers' Compensation Board and the Appeals Commission have dropped. I agree totally with you. As you know, one of the initiatives I undertake proactively is to visit your MLA constituency offices and sit down with your staff and talk with them about what we do and how we do it and where we can be of assistance. You're right: when I first started five years ago, I got bombarded with Workers' Compensation Board issues when I did those visits, and I don't to the same degree anymore. We've had a lot of success working with the Workers' Compensation Board and the Appeals Commission, made a lot of significant recommendations to them as you'll see from my annual reports. I think that to a significant degree we've been able to contribute somewhat to increasing the transparency and the fairness of their processes. I hope that addresses that side.

The patient concerns resolution process that I referred to was the outcome of years of work. My office was first contacted in 1996 by the then minister of health to get involved in working co-operatively to develop a patient concerns resolution process. It finally led to the Legislature passing the patient concerns resolution process regulation in June of 2006, with the enactment date being September 1 of 2006. That required the then regional health authorities to each appoint a patient concerns resolution officer and develop a process for receiving, investigating, and resolving complaints within the structure of the regional health authorities. With the changes this past year with respect to the structure and the delivery of health services and the change from the regional health authorities to the provincial Health Services Board, that has created a great deal of confusion at the service delivery level with respect to that patient concerns resolution process and who has ultimate responsibility in it.

What I investigate is how the patient concerns resolution officers discharge their responsibility to resolve complaints from patients. You're correct in stating that when that process grows and becomes more efficient, it should do the job of resolving many of the complaints within the health services delivery area, and that's certainly the intent of the process. I think it has been derailed a little bit this year because of the changes in the health model. We're working diligently. I just did a half-day presentation to a group of those folks about a month and a half ago to continue to try and move that forward.

I hope that answers your questions, Mr. Lund.

Mr. Lund: I guess it probably won't surprise you to hear from somebody on the committee that we're in a little different times now than we were even back when the committee met with you some time back. The reality is that departments and agencies are being requested to hold increases to 3 per cent. I'm curious: what would that mean for you?

Mr. Button: If I was held to 3 per cent, when my costs of just doing business – given that the increase in the cost-of-living adjustment for my staff based on the current three-year agreement, which is in its third year, and the merit increases due is 8 per cent and 83 per cent of my budget is salary and FTE allocated, a 3 per cent budget increase over last year when I'm projecting almost a break-even budget, I would suggest, would require me to lay off staff. I have no flexibility on the supply and services side to accommodate that.

I should add that when you look comparatively at Alberta, this office has been underresourced. The province of Saskatchewan, with less than a million people, has a staff of 21. The province of British Columbia, with a little bit larger population, has a staff of 50. I have worked diligently to increase my staff from 16 when I became the Ombudsman to the current staffing of 25, but as you can see by the workload and the challenges we face, 25 in a growing, vibrant province of over three and a half million people is not enough. But I'm a realist. I'll live with what I get told to live with. I would hope that it wouldn't come to that, but if that's what it comes to, then I'll have to make those tough decisions, but it will affect the service that we can provide to the citizens of Alberta.

Mr. Lund: Thank you.

The Chair: Are there any other questions?

Well, Mr. Button and Mr. Resler, I'd like to really thank you for your presentation and then also to the committee. As I mentioned in the beginning, the committee decisions on the budgets will be sent out within a week.

Just another quick reminder: lunch is scheduled for noon, and if it's within your schedule, we certainly hope you could join us.

Thank you very much.

Mr. Button: I appreciate that, Mr. Chair. I want to thank all of the committee members for your good, insightful questions and your continued support. I will be listening intently later today to the online streaming of your deliberations.

Thanks very much.

The Chair: Okay. Thank you.

Members, our next group is here, but we'll take a quick, five-minute break.

[The committee adjourned from 9:47 a.m. to 9:54 a.m.]

The Chair: Good morning. First off, welcome to the meeting, Mr. Wilkinson, Ms Inions, and Ms South. I guess what we will do for the record is we will go around the table and introduce ourselves again so that you know who we are and we know who you are as well. I'm Len Mitzel. I'm the MLA for Cypress-Medicine Hat, and I'm the chair of Legislative Offices.

Mr. Lund: Ty Lund, MLA, Rocky Mountain House.

Mr. Horne: Good morning. Fred Horne, MLA, Edmonton-Rutherford.

Mr. Elniski: Good morning. Doug Elniski, MLA, Edmonton-Calder.

Mr. MacDonald: Hugh MacDonald, Edmonton-Gold Bar. Good morning.

Ms Blakeman: I know your offices are in the fabulous constituency of Edmonton-Centre, but I would still welcome you to it because I know how much you all enjoy it. Laurie Blakeman.

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

Mr. Wilkinson: Neil Wilkinson, Ethics Commissioner.

Ms Inions: Noela Inions, office of the Ethics Commissioner.

Mr. Lukaszuk: Tom Lukaszuk, Edmonton-Castle Downs.

Mr. Bhullar: Manmeet Bhullar, Calgary-Montrose.

Mrs. Sawchuk: Karen Sawchuk, committee clerk.

The Chair: Thank you very much. I'd also like to note for the record that this is our recently appointed Ethics Commissioner, his first budget presentation before this committee. With that, Mr. Wilkinson, I ask you to please proceed. The last 15 minutes, 20 minutes will be left for questions from the committee.

Office of the Ethics Commissioner

Mr. Wilkinson: Okay. Right. Thank you very much, Mr. Chair and members of the committee. It's a pleasure to be here. I'm delighted to be here, of course, with Karen South, our senior administrator. She's been with the office for 16 years. She was even here before the first Ethics Commissioner came on, Bob Clark. Noela Inions, of course, came on February 1 of '08. She's our registrar for the Lobbyists Act and also general counsel. I was sworn in two days ago. So we have a broad range of experience, but these two have been very good in bringing me up to date and orientating me on what this is all about. I do have some comments to provide for you and then certainly would appreciate your feedback and comments as well.

To begin with, I'm really looking forward, I should say, to the challenge of this office. I really appreciate the opportunity. You know, it's been said to me before – and I do believe it – that it's a rare opportunity to be able to serve my province in this way, to work with the MLAs and senior administrators in this position. I do appreciate it and thank you. I took an oath of office a couple of days ago, and I look forward to working with you and upholding that oath.

The office of the Ethics Commissioner, though – and I want you to know I'm going to keep this in mind – is unique in its relationship with Members of the Legislative Assembly, where it requires both somewhat a personal relationship in terms of the review of the closure statements and provisions of advice and, of course, also in the meetings that we have from time to time, but also balancing that is a strong independence or separation when considering allegations of a breach of the act. I want you to know that certainly that balance I'll keep very much in mind during my tenure.

I know I've got big shoes to fill, and I want to continue the practices and want to get your input on just what that should be in the future. I want to give you some initial thoughts that I would like to continue the practices adopted by my predecessors, Bob Clark and Don Hamilton, with respect, first of all, to the informal meetings that we have each year, which encourage open and confidential conversation and discussions, certainly, as they did. I want to make myself available to members as need be for casual discussions and information and advice and counsel.

I know that you, the members and senior officials, work seven days a week. Sometimes you work morning, noon, and night, and I want to be available to you morning, noon, and night, seven days a week, as well. So my contact information will not only have my office number; my home number will be on there as well as my cellphone.

How will I be different from the other folks, with these big shoes that I have to fill? I look forward to your input on this, as well as where you think I should be different. But, first of all, I've been advised that the number of speaking engagements and outreach to the community, to Albertans, is not nearly as active as it used to be. So if you agree, I certainly intend to reach out to Albertans and seek out speaking engagements throughout this province and look forward to any invitations in that regard, not only on the Conflicts of Interest Act but the Lobbyists Act as well. That's primarily Noela's job, and she'll be doing a lot of that, but I'll be happy to assist her, as well, as is required.

I'm looking forward to meeting with your caucuses on, I hope, an informal basis and on a regular basis to discuss information and thoughts on integrity and also conflict of interest and the Lobbyists Act as well.

Mr. Chair, at last year's budget meeting the former chair asked my office to keep the committee advised of any ethics-related conferences or other events that might be of interest to members of this committee. Since I've only been here a couple of days, in discussions with staff I'm reviewing just what conferences are out there and the value to Albertans and to the office. We will be getting back to you on that as we think more about what would be important to us and to this committee, but you'll note from the business plan and budget submission under travel that we are awaiting program information on a conference in Australia in 2009. This will be the second event of its kind that has been organized by agencies, really, that are comparable to Alberta's office of the Ethics Commissioner, and there is a co-operative spirit amongst the agencies participating in this conference, who have organized themselves under something rather unique in a way. It's a broad title, the Integrity Co-ordinating Group, and we are kind of intrigued by this process. When we come to your caucuses, we may consider, if you wish, discussing that concept with you just a little more.

10:00

Alberta has led in many ways, in many things, and certainly Alberta led the way in conducting a mandatory review of the act as well. Our work here can assist other Canadian jurisdictions, and where it can, we do. For instance, Karen was telling me that comparative data developed by her has been shared with our ethics colleagues across the country and has even been provided to the OECD as well in part.

Just a couple of words now about the Lobbyists Act. It was initially intended that the act would be proclaimed into force in early 2009. It is now anticipated that the necessary regulations will be ready in the summer of 2009, and the Lobbyists Act will be proclaimed into force in the fall of 2009. Justice is in the process of reviewing the legislation to make sure that it accomplishes its intent and to meet the needs of Albertans and lobbyists as well. The registry will go live or become operational when the regulations are enacted, as you know, and the Lobbyists Act comes into force. This timing will provide staff within government and prescribed provincial entities with the opportunity to become familiar with the act, regulations, and best practices in advance of the act coming into force, and this timing will also provide potential lobbyists with the opportunity to become familiar with their obligations under the act.

As you around this table know better than I do, the registry started to develop February 1, 2008, when Noela came on stream, and of course they started from scratch. They even had to buy furniture. But I'm pleased to let you know, if you don't already, that Noela has told me that the registry was developed ahead of time and under budget as well. I'm not taking any credit for that, of course. That goes to the staff.

With respect to the budget, which was prepared by Karen, our senior administrator, with help and input from Noela – and it's also been run by me as well – we anticipated that expenditures would be reduced once the lobbyist registry had been developed, but we've learned over this past year that maintaining, as I'm sure you folks know, a complex system is not inexpensive. While hardware may be a one-time purchase, with evergreening every three years and software applications requiring annual licences, the cost associated with technical expertise to maintain equipment and respond to glitches certainly is significant. Since it would exceed the \$75,000 limit set out in TILMA, we will be obtaining an RFP for outsourcing IT support and website hosting, one contract, therefore, for both functions. We will include the ethics website in the outsource contract.

It's difficult, much as we try, to split the budget between two functions in the office. The office requires outsourced IT support for both functions, and although it was primarily placed with the lobbyist registry, it will now be included as part of the ethics function. Certain contracts are easily identifiable as belonging to the lobbyist registry functions, such as the one for ongoing maintenance or enhancements of the registry, but most encompass both functions.

Another significant contract item is outside legal services. It is hoped that we will not require these services. Noela acts as general counsel in addition to being registrar, and if a lobbyist were to challenge a decision, the office would likely engage outside counsel. The ethics function always maintained a small amount of funds under contract should we need specialized legal services. Fortunately, we have not had to use these funds in recent years. We continue to have a shared service agreement with the office of the Information and Privacy Commissioner. That office provides human resources, payroll, and accounts payable services to our office.

In conclusion, I want to say thank you to this committee for allowing us extra time to get our budget in. I'm very pleased to note that it was presented on time, and again I can't take any credit for that.

Mr. Chair, back to you for questions.

The Chair: Okay. Thank you very much, Mr. Wilkinson.

Mr. Lund.

Mr. Lund: Well, thanks. Thanks for that overview. I've got a couple of questions on the budget. As you said in your comments, it's a little difficult to really analyze it because of the new role with the lobbyist registry, but I'm curious about the contract services. I know you said that the IT for the lobbyist registry was included in that area. I think the operation of IT was what you commented on. I see that under equipment and inventory you had \$212,000 last year. I suspect that that was for the lobbyist registry primarily. That's shown as a negative, but there is an increase of \$185,000 in the contract services. Could you expand further on exactly how that's broken down, please?

Mr. Wilkinson: Sure. Thanks, Mr. Lund. I'll turn that over to Karen and ask her to respond to that.

Ms South: Our current outsourced contract for IT support is \$92,000 annually. It covers all of our server needs and office workstation support. We have a person in the office half a day a week to provide support to us, but their services are available to us on urgent need. They maintain our equipment. They will ensure that we have no security breaches. All of those kinds of services are included in that outsourced contract. That is part of the contract that will be part of the RFP that will be going out in the new year. The contract only goes till March 31. It did not start off at \$92,000; it started off lower

than that. It increased because of the addition of extra servers to support the lobbyist registry and extra software that is required as well to maintain those servers.

We will also include monies for website hosting. At present both of our websites are hosted by the Legislative Assembly Office. They have indicated that they do not wish to host the lobbyist registry website, and if we have to outsource that hosting, we will outsource both websites. Again, that will form part of the RFP that will be going out in the new year.

We have budgeted \$50,000 for registry upgrades and enhancements – that will be after April 1, obviously – and \$25,000 for outsourced services. Those are the services that are provided to our office by the office of the Information and Privacy Commissioner. We do pay them for the services of their staff in accounts payable, HR, and payroll.

We've put in \$75,000 for legal fees. Ethics has always, as Mr. Wilkinson said, maintained an amount of money in case we needed outsourced legal services. As he said, we have not needed it on the ethics side. We want to have a comparable amount of money in place for the registrar if there are any challenges under the Lobbyists Act. That's on an as-needed basis. It's not a committed contract with anybody at this point.

We would like to have some funds for communications and whatever range of services we might need in that field. We've put in \$10,000 for that. We would also like to have \$20,000 for website design, and perhaps Noela can talk about that. That relates solely to the lobbyist registry.

Ms Inions: Yes. The website design is, of course, the interface that lobbyists and every registrant will see as they come to register. That has everything to do with usability of the registry. The second thing is that we hope that all of the general public will use the registry, that they'll do searches, that they'll conduct online searches.

Of course, when we're dealing with lobbyists, we're dealing with communicators. That's their business, so they have a very sophisticated expectation sometimes of what might exist for the lobbyist registry in Alberta. They are familiar with other systems such as the federal system, you know, and Quebec, Ontario, that have been long standing and have very, very sophisticated websites.

10:10

We have I think done extremely well. Karen has developed the system internally, the website. She's done all the work internally. She's done an extremely good job. Our developer has done some enhancements to the website through some of the development funds because it's essential. It links to the registration function, and it links to the search function. The website design itself is kind of an art or a science all of its own, and that is a key part in the usability and the user-friendliness of the website, and it's the first perception you have of the entire registry. You open up that page, and there is the website. We have done, I think, what we can. Internally we've done a lot. It would be a key feature, I think, for the registry to have a good perception, a good take-up amongst lobbyists and the public.

Mr. Lund: Just one other question, Mr. Chairman, if I might. From the '07-08 actual how much were you under budget?

Ms South: The total expenses for our actual were \$410,703, and we had budgeted \$884,000. That would have included monies that we had requested for the lobbyist registry, which did not receive royal assent until December. So for that fiscal year we did not spend the money that we'd asked for that.

Mr. Lund: Thank you.

Ms Blakeman: My question relates to note 8 on your explanation of changes page. I'm wondering what you have to do with the SuperNet. This is noting that "certain services previously budgeted under this code will be covered under contracts" and that there's "uncertainty regarding SuperNet costs." Can you explain that, please? I didn't think you guys were paying SuperNet.

Ms South: It is now our understanding that we most likely will not be paying SuperNet. We discovered that after we submitted the budget. However, we are having a SuperNet connection installed in our office, and there may be a cost. I expect that if there is a cost, it would actually come out of this year's budget, and it would be to increase the bandwidth primarily with respect to the lobbyist registry. Right now we have access to the SuperNet through other wiring in the building. Because we're in the same building as the Auditor General and the office of the Information and Privacy Commissioner, we have piggybacked on that. They are looking at installing a line for us.

Ms Inions: I can add a bit more to those comments if you like.

The Chair: Please, Ms Inions.

Ms Inions: The SuperNet comment here has to do with increased capacity with SuperNet. At this point, when the technicians were coming in, they were saying that our Internet was very slow, and that all relates to the bandwidth. What we do is share access to the Internet currently with OIPC, and one of the earlier pieces of work in the office was to separate OIPC, or the Privacy Commissioner's office, from our office's access to the Internet. We were still experiencing that access to the Internet was very slow, and this is just on a basic office operating system, so you can imagine adding a registry to that and how that would just be unworkable. It would be very slow. It would be crashing, all that sort of thing.

We have set out what we call registry rollout meetings. It's a whole group of people that are involved in rolling out the registry. One of the parties to that meeting is a representative from Service Alberta. Now we'll have access to five megabytes of the SuperNet, which I understand is very adequate for running a registry as well as supporting the office in a better fashion. There is an initial installation cost of up to \$15,000 that's expected for this installation of SuperNet. That will be covered by Service Alberta. The uncertainty is if it goes above that amount – I understand we still have \$10,000 in here for SuperNet – then we end up paying that balance for the cost of installation. It boggles my mind that it would cost that much to put – I don't know – what in my mind must be some kind of cable somewhere. Anyway, that is the cost when you're dealing with infrastructure and, I guess, working around pipes and firewalls and all those kinds of things.

The second type of cost associated with SuperNet is a monthly service or maintenance fee, and that's in the neighbourhood of \$500 per month. That as well will be paid under the G-sector program through Service Alberta, and that is not going to be a cost to our office at all. So the number remaining in this budget is based on the contingency that we do need to pay some balance of the installation cost. It's true that we weren't exactly sure how those numbers would fall. We got more information after we actually submitted the budget, but I think that figure is, then, a contingency figure.

Ms Blakeman: A supplementary question, then. What's the lease period on your office space? Clearly, if you guys have to move for some reason, there are significant costs involved around rerunning a number of these lines. So what's your current leasing situation?

Ms South: I believe the term will expire in approximately three and a half years.

The Chair: Thank you very much for that explanation. I certainly don't want Albertans to think that we're doing something similar to pirating cable.

Mr. Lukaszuk.

Mr. Lukaszuk: Thank you. Well, Mr. Ethics Commissioner, I want to congratulate you on so quickly settling into your job. You took the oath of office two days ago, and here you are asking for more money. Well done.

I have a few questions relative to your budget. You're a relatively small office in the cost of payroll. But technical services are something I know a little bit about, and unless you're doing some high-tech stuff that I can't comprehend, your costs are just out of this world. In an office of your size, with the number of terminals I imagine that you would have in your office, to be paying \$92,000 a year for technical services is just mind boggling. I can probably find you a number of institutions 10 times your size doing much more intricate, high-tech computer work that are paying less than you are for technical services. You're employing two full-time employees just looking after your office of – how many? – four or five people. It's definitely something to look into.

Now, web design is something that I find interesting. I just RFPed a web design. I paid \$4,000 for what I would consider to be a very modern web, and I've been chastised that I paid too much. So \$20,000 is a premium price to pay for the cost of designing a website.

Bandwidth also interests me. Unless the actual server that will be running the lobby registry will be in your office . . . [interjection] It will be physically in your office? Okay. Have you not considered accessing a secure web server provider that you can utilize to just rent the space on a web server at a significantly lower cost instead of setting up your own web server?

Ms Inions: I'll answer that. That's a question that has been debated at length amongst our registry rollout team and amongst the technicians and what I consider the experts from different areas of government as well as private companies. They recommend that we actually have control over the physical server and have it in our office because otherwise we're competing for services with these other companies.

The other thing is that if you change the services, then you have all these transitions to make whereas if you have it within your own office, then you have much better control over the data, over the electronic registry, over the kinds of services you can provide to the public and to lobbyists.

10:20

Mr. Lukaszuk: I guess my question at the end of it all would be: what can you do to bring your tech costs to a realistic level? They don't appear to be now, in my personal opinion.

My last one is on your legal counsel. You're asking for some \$310,000 for contract services. Do you not have access to Legislative Counsel as well for legal advice? LAO does have counsel on staff.

Ms South: No, we do not utilize Parliamentary Counsel at all if that's who you mean. There are potential conflicts of interest because they also advise the members on certain things.

Mr. Lukaszuk: Okay. Understood. Thank you.

The Chair: Thank you.
Mr. Horne.

Mr. Horne: Thank you, Mr. Chair. Mr. Wilkinson, I'd like to add my congratulations on your appointment.

I'm going to continue the IT theme. First, just in response to Ms Blakeman's question, having just completed the review of public library services in Alberta, having been a member of that committee, it was not uncommon for our committee to discover that new connections to the SuperNet were in the order of \$50,000 to \$75,000 in some locations. The point that Ms Blakeman made about the office lease I think is an important consideration. We have libraries, for example, that are moving to larger, multi-use facilities constructed by municipalities that find themselves in the position of having a SuperNet connection in the existing location but don't have the budget when it comes time to move to the brand new facility to bring the SuperNet with them. I'd just mention that for your consideration.

A comment was made earlier about where the servers would be housed for your operation. You indicated that the Legislative Assembly Office had declined to provide that hosting capacity. I'm just curious as to what the rationale would be and, quite honestly, under whose authority such a decision would be made. I'm a newly elected MLA, but I assumed coming in that unless there are reasons of independence, officers of the Legislative Assembly should reasonably expect to receive as much in the way of corporate services as possible from the Legislative Assembly Office. I guess I'm just curious as to the rationale for that if you can shed any light on that point.

Ms South: The only thing that I can comment on about that is that they were willing and have provided the hosting service on an interim basis. When we approached them, we did talk with them about the potential for an electronic commerce component to the website since no regulations have yet appeared on whether or not there will be fees charged for this. There are a lot of security issues that go along with electronic commerce, and I think that was one of the factors in their decision as communicated to us by their IT people, that they would host only on an interim basis.

Mr. Horne: Well, thank you. I guess, sort of in the spirit of Mr. Lukaszuk's questions, when it would appear that economies of scale are not being utilized, it's probably incumbent on us, you know, to ask why that situation would result.

My next question, just very quickly, is in a similar vein. I'm just curious about the software that you'll be developing to run the lobbyist registry. You alluded to some systems in place in other jurisdictions. Is the contractor that you're contemplating dealing with going to lever any of the basic design and infrastructure from existing systems? What I'm getting at here is that I'm assuming that we're not starting completely from scratch in Alberta, that we're building on what's working well elsewhere.

Ms Inions: Yes. We are leveraging the existing system to the extent possible. In liaisons with the registrars in other jurisdictions one of the things I could do was go and look at many of the different systems that were out there. We negotiated the source code from the Ontario registry's office for our registry. That was given to us free of charge, with 10 years of development put into that, for us to use to develop our registry. As it turned out, when we RFPed the development of the registry, the successful person was the vendor who had developed the Ontario source code, so he hit the ground running. We started out with a budget of \$200,000 to develop the

registry. That contract with that developer was \$75,000, and he completed that for \$57,000 because of the amount of knowledge and the amount of leverage we could bring to that particular software development. The source code is a bit different, but we used as much as we could from that other source.

Additionally, one of the complexities in the system is utilizing the IBM Lotus Notes/Domino platform because that software interfaces and interchanges. It's the kind of thing that's very user friendly for the public doing searches, for registrants doing their registry, but there is a complexity as well to supporting that kind of a software. Again, because of leveraging from another jurisdiction and having the capability to support that kind of software, I believe we do have a superior registry here, but there are complexities involved in supporting it.

Speaking of leveraging, we have entered an amendment to that initial contract with that same developer. He's a small individual. He has some support as well, but you don't have the costs of a huge office like a Compugen or something to support. He has provided a very competitive hourly rate and years of expertise. He's got 10 years of expertise in developing a lobbyist registry that's working well in another jurisdiction, and you don't find too many of those kinds of people around.

We have entered a second contract for enhancement, and that is things like improving the usability, improving the features, as well as managing and support. As soon as you build one of these things, you have to support it. You have to keep the thing going. We have entered into a contract that we think is very competitive and leveraged his existing knowledge and all of the things that have been developed in that Ontario registry as well as some of the things, of course, that are unique to the Alberta legislation.

Again, the Alberta legislation is – I don't want to say state of the art – much more current than the Ontario legislation. There actually were a lot of changes from the Ontario to the Alberta system, if only because of the legislation coming out 10 years later and utilizing, I guess, all the learnings in lobbyist registration legislation across the country. There were a lot of customizing features that were required, and many of those were learnings from other jurisdictions. For example, they had a very bad experience initially with requiring too much security, too much certification, too much authentication when people registered and tried to get onto the system, and we've got a two-step process now that we have adopted from another jurisdiction.

Mr. Horne: Thank you.

The Chair: Thank you.
Mr. Bhullar.

Mr. Bhullar: Thank you, Mr. Chair. I thought you forgot about me. I was beginning to feel a little left out. Just kidding.

First of all, Mr. Commissioner, I applaud that open and accessible approach, that was indeed very helpful for us new members, with Mr. Hamilton. I mean, having a lot of silly questions and being able to call him at any time and receive some advice was very helpful.

Secondly, I echo concerns with respect to the IT end of this and the contract services. I think most of my questions have already been asked by my colleagues. Actually, while we've been going through this presentation, I've been exploring both the office of the Ethics Commissioner's website and the lobbyist registry website, and as of right now I do believe that we're paying a substantial amount of money in this area. I applaud you for utilizing someone that has experience in this, but I think this area and the area of contract services as a whole is a concern for me.

Just a matter of clarification. Everything required for the lobbyist registration is complete now – am I correct? – the software required for it.

10:30

Ms Inions: The software has been developed for the lobbyist registration.

Mr. Bhullar: So what's left on that end?

Ms Inions: The enhancement, adding some help functionality and that sort of thing. That would be an enhancement to the actual development.

Mr. Bhullar: How much of that \$125,000 that we've got in the contract services category would you say relates to this?

Ms Inions: How much did we sort out for enhancements?

Ms South: The contract with the developer on the registry itself is a separate contract. I mean, currently on a yearly basis our contract for outsourced IT support is \$92,000. It did not start out at that amount. It has only recently increased to a figure that on an annual basis would be that, and it is because of the extra. In fact, there are two servers that are being installed with respect to the lobbyist registry; it's not just one. There's a production server and a development server. They are kept separate for security reasons.

The contract that we originally negotiated for our outsourced IT support was reviewed by Service Alberta. Our advice from them was that it was a fair contract. There are a number of things that are provided to us through that contract, including emergency services, if we need them, which will be very important for the registry. That has to be accessible on a full-time basis. I personally just hate saying 24/7, so that's what I was trying to avoid saying.

Is there something else?

Ms Inions: Just a comment that this is our first year for the IT-managed services contract through a private company. We, too, in the past utilized a shared services agreement through the office of the Information and Privacy Commissioner. That was part of that bundle of services. I don't know what it cost, but I know that it certainly didn't cost this much. That office, too, is going towards this particular company, Compugen. It wasn't just a blind leap, you know, with an unknown managed services provider. This was an IT provider that was known to the Privacy Commissioner's office. It was kind of a gradual transition from their office to ours in the provision of these services. Having said that, it's no longer a public-sector provided service. It is a privately provided service through Compugen. We did initially have a lower monthly rate. It is now a higher monthly rate. The whole change in the monthly rate with Compugen that increased the cost is the registry.

The Chair: Okay. We have two quick questions left. Mr. Elniski.

Mr. Elniski: Thank you very much. I've looked at many budgets in my life, and the first thing I always hone in on is what happens to your FTEs. So my hat's off to you for your failure to change those. Overall, too, for an intellectual services organization you do have a very interesting ratio, roughly 55-45 in terms of your personnel to supplies ratio, which is quite unusual. I think normally I would expect the personnel costs to be a lot higher.

I think we've talked lots about the contract services stuff, but I do have a couple of really simple questions for you. One has to do with

advertising. You're showing a \$12,000 line item for advertising, and it's not footnoted, so I'm just wondering what you're thinking of doing there.

Ms South: That is primarily related to changes that we anticipate in the staffing.

Mr. Elniski: Oh, okay. You're anticipating that your FTEs are going to go up at some point in time then?

Ms South: No.

Mr. Elniski: You've got a turnover?

Ms South: We will have a turnover.

Mr. Elniski: Okay. There are only four people in the department. I don't know, like, if everybody knows or not.

The Chair: Does that cover it, then?

Mr. Elniski: Yeah, it's fine.

The Chair: Thank you.
Mr. MacDonald.

Mr. MacDonald: There are two types of staff turnover, regrettable and nonregrettable. In this case I think it is regrettable. Thank you.

I have one question. Could you spell the name of that private provider?

Ms Inions: It's Compugen, C-o-m-p-u-g-e-n. Just down the street.

Mr. MacDonald: Thank you.

The Chair: Thank you. Thank you very much for being here today. Just one last parting note there. You know, in view of the recent developments in the financial situation for the province many of the government departments and agencies have been requested to stay within the 3 per cent limit. Given that I know that yours is only 4.86 or something like that, would this final recommendation affect your proposed operations or any initiatives?

Mr. Wilkinson: If we held it to 3 per cent, what impact, what consequences would there be?

The Chair: That's correct.

Mr. Wilkinson: Senior Administrator Karen, what are your thoughts on that?

Ms South: Well, I think, certainly, given the information that we've received about no cost on SuperNet, we could reduce that particular code. Given that we have very small amounts in our budget, sometimes a small reduction has a big impact on percentages, so I couldn't tell you exactly whether that would bring it down to 3 per cent. We could at least probably take out the \$10,000 there. I don't know.

The Chair: With that, I'd like to thank you, Neil and Noela and Karen, for your presentation. The committee decisions will be sent out within the next week or so. Also, a quick reminder that lunch is scheduled for noon. If you have time, we certainly hope to see you there.

Mr. Wilkinson: Okay. We will be there.

The Chair: Okay. We'll be scheduling another break here now, and we'll reconvene promptly at 10:45.

Mr. Lund: A 10-minute break?

The Chair: Because we had a five-minute one before, we'll have a 10-minute break.

[The committee adjourned from 10:37 a.m. to 10:46 a.m.]

The Chair: Okay, ladies and gentlemen, I guess we'll get back to session. We'll be discussing the office of the Chief Electoral Officer. Welcome to the meeting. We're going to go around the table here and introduce ourselves. I'd ask you to introduce yourselves as well for the record. I'm Len Mitzel. I'm the MLA for Cypress-Medicine Hat, and I'm the chair of Legislative Offices.

Mr. Lund: Ty Lund, MLA for Rocky Mountain House.

Mr. Elniski: Doug Elniski, MLA, Edmonton-Calder.

Mr. MacDonald: Hugh MacDonald, Edmonton-Gold Bar.

Ms Blakeman: Welcome to my fabulous constituency of Edmonton-Centre. Laurie Blakeman.

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

Mr. Rhamey: C.J. Rhamey, director of election finances.

Mr. Westwater: Drew Westwater, director of elections operations and communications.

Mr. Gibson: Lorne Gibson, Chief Electoral Officer.

Mr. Lukaszuk: Tom Lukaszuk, Edmonton-Castle Downs.

Mr. Bhullar: Manmeet Bhullar, Calgary-Montrose.

Mrs. Sawchuk: Karen Sawchuk, committee clerk.

The Chair: Thank you very much.

Mr. Gibson, if you could keep your presentation to about 45 minutes more or less, this will certainly, I think, provide sufficient time at the end for the committee to ask some questions. I'd ask you to please proceed.

Office of the Chief Electoral Officer

Mr. Gibson: Thank you, Mr. Mitzel. Good morning. Thank you very much. We had some introductions. I just wanted to point out that Lori McKee-Jeske was introduced to the committee last year. She's our Deputy Chief Electoral Officer. She's been with Elections Alberta for over 17 years.

My director of elections operations and communications, Drew Westwater, just came to us a few months ago from Elections Ontario, where he occupied a similar position. Drew has worked in the election business for the past 33 years, first with the city of Toronto running elections and then with Elections Ontario.

With me, as well, I have my new director of finance, C.J. Rhamey. C.J. has been with the provincial government for the past 23 years,

most recently with the Solicitor General and Public Security as their senior adviser on financial reporting and operations. C.J. replaces Ried Zittlau, who has retired.

Following the 2008 general election, we solicited feedback from several of our stakeholder groups. We had an independent research firm conduct a survey of 1,200 eligible electors selected at random from Calgary, Edmonton, and other parts of the province. This was done within a week or so after the election. We asked voters about their experience at the polls, and I'm pleased to report that we received a 94 to 97 per cent satisfaction rating depending on the dimension of the voting experience we were asking about.

We asked nonvoters why they didn't vote, to try to obtain a better understanding of the reasons they had for deciding to stay home and to see if there were some things we could do differently next time. This categorization that you see up on the screen is something that a lot of the different election jurisdictions use across the country to try and group the reasons why people say they don't come to vote. You can see that the largest category there is distracted voters, people who say that they were too busy, they were out of town, sick, forgot, those sorts of reasons.

The disassociated: they're the tough ones to crack, the ones that say they're not interested in politics, not interested in voting, didn't like their choices of candidates or parties. Some of them say: well, the results were a foregone conclusion. These are people that had no intention of going to vote.

Then, of course, the displaced people are the ones that didn't know where to vote, who said: well, I wasn't on the list, so I didn't think I could vote; the polls are too far away, or they close too early.

We also asked nonvoters why they didn't vote, to try and obtain a better understanding of the reasons they had for deciding to stay home. We asked these nonvoters: what are some of the things that might encourage you to participate the next time? We had a large number of these folks tell us that having a fixed date for the elections would help them plan a little better. Voting at any polling station regardless of where you live was important to some of them, having more opportunities to vote in advance of polling day. Some of them said, you know: if the polls were open longer. They had trouble getting to the polls on time. Some of them said: having a polling station closer to their home.

We also obtained written reports from our returning officers, and we conducted facilitated feedback sessions with them to try and get a better understanding of what went well and where we could make improvements for the next election. We surveyed our election officials following the election to see if we could make improvements in our materials, our processes, and our training, and we've taken this feedback into account as well as the valuable feedback that we received from the political participants.

We used all this information to report on issues that arose during the election. This feedback also helped to inform and expand upon the recommendations that I made to amend the Election Act and the Election Finances and Contributions Disclosure Act. In total now I've made over 180 recommendations to improve upon our election laws so that we can have more convenient voting services, improved access for electors, better assistance to political parties and candidates, better transparency of election finances, better enforcement of law violations, and improved administration of elections.

We've incorporated all of this feedback that I have just referred to into the development of our service plan. This plan will 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 upon the assistance we provide to political participants, to identify and address the needs of our stakeholders, and to improve upon our election administration.

If there's a singular theme to what we want to achieve over the next three years and beyond, it's Building Future Voters. The single biggest problem facing democracy in Alberta is the extremely low and declining participation rates. Alberta has the lowest turnout rate in Canada and one of the lowest in the western world. Now, there's only so much that an organization like Elections Alberta can do to influence participation. We're only one of several stakeholders that have a role to play.

Some of the reasons people give for not voting are very deep rooted and beyond our control. I realize that there's nothing really that's going to turn this situation around overnight, but I want to begin to make some inroads. It's going to be a slow process, but I want to be in a position to do our part, to be able to contribute where we can to increase democratic participation.

I made a number of recommendations so far to remove barriers that people have to voting: I've proposed extending the hours of voting; I proposed removing the restrictions on and extending the days of advance voting; I proposed clarifying residency rules, which would make it easier for students and workers to know where they're supposed to vote; I've proposed allowing Albertans to vote in any returning office and at any advance poll during the election; and I want to be able to test new technologies to make voting more convenient for Albertans. Now, these things are relatively easy to achieve. We just need the election laws changed to permit what's already commonplace in many Canadian jurisdictions.

10:55

We're focusing our attention now on Building Future Voters. We actually began to lay the groundwork for this initiative a year ago last September. Over the past year we've been working with schoolteachers from across the province, students, curriculum consultants, and Alberta Education. We've developed a set of teaching and learning resources for teachers and students that meet the outcomes for the grades 6, 9, and 12 social studies curriculums. These are the grade levels where the social studies program covers such important topics as democracy, government, citizenship, democratic participation, civic engagement, and elections.

We distributed these resources to all of the MLAs so that you'd get an idea of what we've been up to. These are the resources that were sent to each of your offices. Now, these resources have been reviewed by Alberta Education. They've made it onto the list of approved teaching resources to be distributed by the Learning Resources Centre, and they're available to all social studies teachers in the province in both the public and separate schools. We've already piloted these resources in schools. We've attended a social studies teachers' conference with about 500 social studies teachers in attendance, and we've distributed sample copies of these materials.

Here's a sample of some of the feedback that we've received from teachers who piloted these resources in their classrooms last spring. There's a full set of these comments that can be found in the education section of our website. A lot of the feedback here has been very positive. Now, this is just one of the components of our youth engagement strategy.

Others include School at the Legislature – in fact, we're scheduled to be back here next Wednesday to do a presentation to Eleanor Hall school – Forum for Young Albertans, mock elections in the classroom, support for student council elections, Student Vote, presentations in the classrooms, annual registration of grade 12 students. We propose reducing the age of poll workers to 16 to get more youths involved in elections. We have a section of our website dedicated to education and research, and we have a joint civic literacy initiative with the Legislative Assembly Office.

The resources that were sent to you earlier this month are the centre plank in our Building Future Voters initiative. We also plan to be more active in reaching out to other groups in the intervening years between elections. We've planned a community outreach program to get in touch and stay in touch with universities and colleges, aboriginal groups, seniors' groups, the disabled community, military and foreign service. In fact, I was in contact with one of the senior lawyers for the Judge Advocate General's office the other day, explaining some of the problems we had trying to obtain the military vote here in Alberta. He's assured me that he'll work with me very closely in the next election to try and make sure that happens. Professional groups, employer organizations, service groups, community groups, newcomers to the province, and newcomers to Canada.

We plan to establish a presence in Calgary so that we can better serve the people of Calgary and those living in the southern part of the province. We plan to share office space with the Auditor General's office, so there will be no additional rent or facility costs for this initiative. We also have a business outreach strategy to try and acquire new and better resources to address data and mapping information.

We're also going to continue to leverage resources and support from other players as we have in the past, things like the free Voterlink advertising that we get through inserts that Service Alberta places in 120,000 motor vehicle renewals every month, 50,000 driver licence renewals every month. These are pieces of mail that are being sent out to drivers and vehicle owners anyway, and we're saving millions of dollars in postage by having our inserts put in there.

There's also free advertising that we get through the realtor association members and Welcome Wagon. We participate in Canada Post's Smartmoves program, which distributes information about our Voterlink program to 10,000 Albertans each month who have either moved within the province or have moved to the province from elsewhere. We've also begun to do some work with some of the big utility companies in the area of address databases.

Last year at this budget meeting I began my presentation with a demonstration of a new secure online service we'd just introduced a week earlier. This is called Voterlink, and since its launch a year ago we've had over 30,000 Albertans go onto our website and manage their own voter registration using Voterlink. These are updates to the register of electors that don't cost us anything, but we need to boost the number of registrations we take in through this method annually. During the provincial election we had an average of 700 registrations a day, and during the federal election we had 120 registrations a day.

Now, we just met with a delegation of visitors from Newfoundland who have asked for a copy of our system so they can adapt it in their own province. Several other jurisdictions, including Elections Canada, have expressed interest in the system. Incidentally, several other jurisdictions have also expressed interest in adapting our Building Future Voters series for use in their own provinces. I just came back from a project assignment in Bolivia, where the Canadian International Development Agency and the electoral court of Bolivia had asked me to conduct an assessment of their voter registration system. Bolivia, too, was very impressed with our online voter registration system, and they're considering this approach as a method of registering approximately 2 million citizens they have living outside the country. So that's what we've been up to and an indication of where we're going.

Moving on to discussion of the budget, I'll begin with the expenditures for 2007-2008, the past year. You'll see that in the documents you have before you, our expenditures for the last fiscal

year are pretty much in line with the budget that we presented. On a budget of over \$13 million we spent just under a hundred thousand dollars more than what we'd budgeted for this year, that year during which we ran a general election. One of the reasons for this slight overexpenditure was that we also ran two by-elections, one in Calgary-Elbow and one in Drumheller-Stettler back in 2007. They cost about \$260,000 in total. Typically we don't budget separately for by-elections and a general election in the same year. Of course, we don't have any say when these things are called, so this is what happened in the last fiscal year.

[Mr. Lund in the chair]

I indicated last year that the election would cost approximately \$10 million if we didn't have returning officers in time to conduct targeted enumeration or 11 and a half million dollars if we target enumerate. Well, the election cost just over \$10 million, \$10,682,000, and that was because we were only able to do a limited amount of enumeration. I would desperately have liked to do more to boost the quality of the list, but our planned enumeration for September had to be cancelled because we didn't have returning officer appointments at that time. From the list-quality research that we conduct periodically, we knew that the list was only about 75 per cent current at that point.

Moving on to the current year, last year in November, when I was presenting my 2008-2009 budget to this committee, of course I didn't know when the election would be called. Nevertheless, it's our responsibility to be prepared for an election whenever it's called, so that also means having the necessary funds in place. Therefore, last year, in 2008-2009, I presented you with another general election budget, for just over \$14 million. Now, because the election was actually held at the tail end of 2007-2008, we didn't need all these funds. We forecast that we would need to cover off our normal operating costs and any anticipated carry-over in election costs and that we'd turn the rest back to Treasury Board.

For this year Treasury Board printed our estimates to be \$5.7 million, and as you can see, we're forecasting to spend only \$4.7 million of that amount. Now, the reason for this underexpenditure is that we were able to pay for or accrue most of our election costs to the 2007-2008 fiscal year. That's the year in which the election was held. For 2009-2010 I'm proposing a budget of \$5.8 million. This is a \$94,000, or 2 per cent, increase over last year. This includes a request for 13 and a half FTEs. The salary cost of these FTEs is just over a million dollars.

11:05

It's my view that Elections Alberta has been critically understaffed for quite some time. The office has essentially been holding the line on staffing levels and costs for many years, but we've also been holding the line on service, our imagination of what is possible in the way we deliver elections and the services we provide to the public and the participants in the election process. Looking both east and west of us, you can see that we have a much lower staff ratio relative to the growing size of Alberta's population and to other election offices across the country.

Take B.C., for instance, our closest comparison that we have to Alberta in terms of its size and the number of electors. They have about 2.8 million registered electors; we have 2.3 million. They have 42 permanent staff; we have 16. The disparity gets even greater when we look at some of the larger provinces. Ontario, with 8.3 million voters, has 94 staff. Quebec, with 5.6 million voters, has 225 staff. Even some of the smaller provinces, like Nova Scotia and New Brunswick, with 678,000 and 560,000 voters respectively, have 18 staff each compared to our 16.

I also draw your attention to the cost per voter to run elections. You'll see that our costs are approximately half of what is spent in other Canadian jurisdictions.

I'm requesting additional resources in the following five areas. In community outreach and education I'm looking for three staff: a public information co-ordinator for Calgary, an outreach worker for Calgary, and an outreach worker for Edmonton. In the information and training area I'm looking for a returning officer liaison position, now that we've received some indication that the Chief Electoral Officer will be responsible for appointing returning officers in the future, a trainer, and a technical writer. In the voter register and IT infrastructure area we're looking for a business analyst and a database programmer/analyst. In the financial compliance area we're looking for a financial compliance analyst who will be able to provide candidates and constituency associations in the Calgary area with support during the time of filing. In the corporate services area we're looking for a warehouse clerk – and this is based on a recommendation we had from the Auditor General's office over the last two years to establish better control over inventory in the warehouse – a procurement officer, a human resources staffing officer as we currently have no human resource staff in our office, and a pay and benefits clerk.

[Mr. Mitzel in the chair]

I just want to point out that none of these are managerial positions. They're all working-level staff. Now, we've just been through a general election, and we prepared for it and ran it using the traditional set of resources that were available to my office, and I see that there's a need for expansion of the full-time resources that are necessary to get ready for and deliver the next event. We also have a lot of initiatives under way to try and expand participation next time, and the information we need to develop the training programs that we need to put in place and the relationships that we need to forge can't be made in a few short months preceding the next general election.

We're also going to have a boundaries commission, and by legislation we're required to provide support to this commission. The last commission was appointed in March 2002, and the next commission can be appointed eight years after the last one. That's going to be March 2010, and that's within the time frame of the budget that I'm presenting. Unless there's a general election called before the next boundary redistribution, we'll be delivering an election on new boundaries next time. This is an incredible amount of work for our office and for returning officers, not to mention the impact that it has on candidates and parties. To get ready for the boundaries commission, we're going to be preparing a whole new set of resources for the commission to work with. Principally, this includes maps, population figures, statistics, and estimates.

We're going to be preparing a whole new set of mapping resources for parties and candidates. We're one of the largest users of cartographic information in the province, and I just want to show you what we've been working on in terms of our mapping. This is an example of our existing map resources. It shows a polling subdivision in Spruce Grove, poll 53, and this is what we're currently supplying to parties and candidates to use. They're paper-based maps, and returning officers use these for defining and drawing polling subdivisions, for developing target enumeration plans, and for directing voters to their polling places. We post these on our website for electors to find their polling place. They're pretty stark, they're static, and they're devoid of useful information.

These are the new maps, that we've begun to develop using digital information. We're now in a position to be able to use GIS technol-

ogy and the digital information we get from the city of Edmonton, the city of Calgary, Municipal Affairs, Sustainable Resource Development, and various towns and cities. These are smart maps, and they'll tell us which are residential addresses, which are other parcels of land, which addresses have electors, how many electors are at each residence, and which addresses have no electors. They'll allow us to label the maps clearly without interfering with the other information. They show us clearly where polling subdivision and electoral division boundaries are, and we'll be able to change the poll and electoral division boundaries. We'll be able to get an accurate count of the addresses and the number of electors that fall within those boundaries.

We have a lot of work to do to convert all of our geography and get ready for the boundaries commission, and then we'll have even more work after that with the new electoral division boundaries to get all of the electors into the right divisions and redraw the polls so that they're the right size. As you know, polling subdivisions are approximately 450 voters each.

This is what we're up to, and this is where we're going. I hope these details have been informative, and I welcome your questions on any aspect of our budget.

The Chair: Well, thank you very much, Mr. Gibson.

Just for the record before we start the questions, Mr. Horne, a member of the committee, has joined us as well.

Are there any questions so far? Mr. Lund.

Mr. Lund: Well, thank you, and thank you, Mr. Gibson, for the overview. Looking at your '09-10 budget and looking at the changes from the '08-09 budget, I really have a problem with thinking that we would be adding some 13.5 FTEs, particularly in light of the current fiscal situation in the world. As we look more closely at it, really what's happened is that things you had in '08-09 related to the election. Under Supplies and Services we see a whole number of minuses, where you're going to be spending substantially less, but you've eaten up all those dollars through adding staff to the payroll. I think that while the things you talk about that you're doing are some nice to haves and would maybe in a different time be something that we could entertain, I personally could not possibly support what you have here.

As a matter of fact, departments in government and other agencies have been told to hold to about 3 per cent. You could argue that you're only 2 per cent, but when you peel back the skin and see what's underneath it, you see a reduction of \$1,009,909 in the supplies and services but an increase of \$1.149 million in manpower.

Those are my comments, Mr. Chairman. If there's any response.

11:15

Mr. Gibson: Sure. I'd just like to mention: thank you for your comments. I knew that this wouldn't be an easy decision for this committee to make. I'm reporting our budget for the past years and for this year on the forms that we have available to report that information to you, the standard reporting format for all of the independent offices.

You're absolutely correct: there was some carry-over in our budget from the election this past year, so of course that inflated our budget. We had budgeted \$14 million for an election in this current year. Because the election was in the previous year, we recognized that we didn't need all those funds. We turned back the majority of those funds to Treasury Board. They had asked us to do a forecast towards the end of the year, and we had done that.

There was some need for a carry-over. We couldn't fully anticipate all the election costs that we could accrue in the previous

year and what we could pay for in that year and what might be carried over. There were some costs for which we didn't receive the invoices until this fiscal year. I was trying to make it very clear to you and be very up front in terms of the additional costs. The salary costs of the 13 and a half staff years would be approximately a million dollars. The other additional programming costs that I've proposed in here are another million dollars. It's essentially a \$2 million increase over what our former budget had been.

The Chair: Mr. MacDonald.

Mr. MacDonald: Yes. Thank you, Mr. Chairman. Good morning. I appreciate your time. I have a lot of questions. I, too, have reservations, like Mr. Lund, about this increase in personnel. I have had significant correspondence with your office, Mr. Gibson, since the election. You indicated in your PowerPoint that 94 per cent of people were satisfied with the planning and implementation of the election, I believe, or there was a 94 per cent satisfaction rate. I, certainly, would be in the 6 per cent that were very, very dissatisfied. I can live with that because I'm used to being in the minority.

My first question. You listed off your plans for these additional people. Are any of them going to be doing any auditing, or are they going to be doing any work to support prosecutions where the acts are violated?

Mr. Gibson: Let me just respond to that. The office of the Chief Electoral Officer has no authority to conduct prosecutions.

Mr. MacDonald: Exactly.

Mr. Gibson: Prosecutions are conducted by the Justice department. However, the Justice department is not authorized to prosecute without my consent.

Mr. MacDonald: Exactly.

Mr. Gibson: That's right. So none of these individuals would be performing a prosecution role. However, one of the staff positions is a financial compliance analyst. We have one financial compliance analyst right now. That would bring the total to two. Some of the other support staff that I was proposing would be in the office performing some of the roles that my current director of finance and current financial compliance analyst are having to perform, which are more administrative in nature, and free them up to be able to scrutinize some of the financial compliance information, the financial statements that come in from parties, candidates, and constituency associations, to make sure that they comply with the legislation.

Mr. MacDonald: Okay.

The Chair: Go ahead.

Mr. MacDonald: Now, I had correspondence with your office after the election on March 3. I was one of the candidates, I suppose, that was randomly selected for an audit. This audit was done by an outside party, the accounting firm of Meyers Norris Penny. I have no problem with an audit; in fact, I welcome it. I think we should be auditing each and every financial statement that's provided to your office. I don't think that is going to happen.

This goes back quite a few years, and I think it may even go back before your time. The foundation fund, which was a fund by the Progressive Conservative Party that was initiated when the statute

was first put in force, was to be reported on an annual basis, and it was not. For a period of time it was not. It now is I believe being done. That would be one reason why we need more of an audit function, not less of one, in your office.

I look at the annual financial statements, and I have no idea what some of this means. I'm looking at a constituency here where there was a fundraising function where they raised in the year 2006 \$43,000 under item 10 of the annual financial statement. This would be the constituency of Sherwood Park. The Progressive Conservative Association raised other money where contributions would be tax receiptable. No details have to be provided on this. That would be another reason why we need to be auditing these statements. Then when there are expenditures, there are no details provided on those expenditures. Right? So of all the financial statements by all the political parties that are provided to your office in a timely fashion, how many in a nonelection year would be audited?

Mr. Gibson: There were just over 400 candidates that ran in the last election. Every one of those candidates' returns was subject to review within my office. We don't have, as you've correctly pointed out, the types of auditing resources within our office to be able to do a detailed review of each and every return. However, every return received what we called a stage 1 review. Any of the problems and errors and questions that we had from that were dealt with. We randomly selected 40 returns from all of the candidates' returns. It was done, really, on a probability proportionate to size sampling technique, so for small parties with very few candidates running, there weren't as many selected. From the three large parties there were roughly equivalent numbers of returns that were selected for more in-depth audit. That audit was conducted by Meyers Norris Penny, who were retained for this purpose.

I just want to point out that Alberta has probably one of the weakest financial compliance regimes in the country: no spending limits; there are very few details that are required; and very little power for our office to request additional information. I've made a number of recommendations in my report. Things like surpluses from previous elections are never followed up on. What happens to surpluses, and how do they re-enter the system? They're supposed to be used for the benefit of the candidate and then for the following election, but they can often be given to constituency associations and parties, and they can get distributed in different ways.

The deficits that candidates accrue in an election. There's been no follow-up in the past on deficits. What happens to a deficit, and how do you pay off a deficit? I would hazard to say that most people who have a deficit of over a couple of thousand dollars end up making prohibited contributions in order to pay off the deficit. There's no mechanism for doing that within the legislation. There are all sorts of flaws within our election finance regulations that need to be corrected.

So in a nonelection year we're going to begin to review all of the returns that come in. Again, you take a first-level review. We have an audit regime that we go through, that we look at for certain things. Do they add up? Have they accounted for things properly? In some cases we request all of the invoices. We've done that with our stage 2 audit of these 40 returns this time. Principally, this was something that we did in order to find out what the level of understanding was on the part of candidates and parties on how the election finances act works. We found that there's not a very good level of understanding and compliance with the act in that regard.

11:25

There were problems with almost every return that we looked at. Now, of course, we weren't referring all of these to the Minister of

Justice for prosecution, claiming that people had, you know, made false statements on their returns. It wasn't a case of that. Sometimes they didn't add up; sometimes the information wasn't in the correct place; sometimes not all the information was put forward. For example, the nomination deposits. Some people think that just because they have their nomination deposits – \$500 comes in; \$500 goes out – they don't need to account for that and can report nil expenditures in the election. That's not the way it works.

So this has been an education for us. We see that there's a lot more that we need to do in terms of helping candidates and parties comply with the legislation. We need to explain the legislation as it exists, and we need to correct some of the shortcomings with the election finances act that we have right now.

Mr. MacDonald: Well, I would certainly agree with you. I think that all political parties would rely on volunteers at the constituency level to provide this financial information to your office, you know, within the appropriate time, so there's a lot of work to be done there.

You're telling me that in a nonelection year – I'm looking at 2006, and I just pulled this off the Internet as an example. This is a very active constituency association, the Progressive Conservative one in Sherwood Park. They're very able. I admire them for the amount of money that they can raise between elections. They're obviously very busy, but they're spending a lot of money between elections.

I think between the 2004 and 2008 elections that constituency association in expenses had over \$190,000. In 2006, line 19 on the financial statement, expenses that relate to an election – and we're, sort of, halfway between provincial elections – there's a \$73,000 amount here. That's a lot of money. I don't know whether the PC candidate would have been nominated already for the election. I have no idea. Right? You're telling me that none of this gets audited. None.

Mr. Gibson: All of the returns that came into our office in the past have been reviewed by our office. Now, I'm telling you that there's a very limited amount of information that is required to be reported according to the legislation, so we have a very limited amount of information to go on. For example, when we don't have receipts for expenditures, it's very difficult to know what those expenditures were for.

Mr. MacDonald: Does not the act tell me that I have to keep those receipts in case you ask?

Mr. Gibson: Absolutely. In case you are audited by our office. I believe the term is: if we conduct an examination. Now, we haven't in the past conducted an examination of each and every return. We will conduct an examination of returns where there's some information that doesn't quite add up, and by add up I'm not talking mathematically. I'm talking about things that don't make sense. We also have begun to track surpluses and deficits within our office, and we begin to ask questions about that when some of that information isn't being carried forward onto future filings.

In the future our intention is to hopefully get some more teeth in the legislation that we have, the elections finances act, to allow us to request more detailed information from candidates, constituency associations, and parties. Then we'll be able to follow up in a meaningful way on those returns.

Mr. MacDonald: Can I ask . . .

The Chair: I appreciate where you're going with this, Mr. MacDonald, but I think that we should probably pull this back to the budget at hand.

Mr. MacDonald: Well, we're talking about hiring 13.5 additional members to his staff, Mr. Chairman, and if some of them are going to be doing audit functions, I'm going to vote for that amount whenever I get the chance.

I also have other questions in regard to the PowerPoint presentation, and they are revolving around the training. You were going to train staff and returning officers and whatnot. Mr. Lund is right. We provided – I think it was in the 2006-07 budget – the amount of money needed to run a provincial election. We did it in that budget year, so you knew the money was coming. I'm not satisfied that the training of the election workers was adequate. I'm surprised that we waited so long to hire or appoint the returning officers at the constituency level. Certainly, in the constituency where I was running, it was a train wreck. What are your plans to train these individuals now if we give you this money?

Mr. Gibson: Could you clarify? Does your question have to do with the appointment of the returning officers or the training of the staff once they've been appointed?

Mr. MacDonald: The training of the staff once they have been appointed.

Mr. Gibson: Sure. Well, as you know, in the last election the returning officers were appointed pretty late in the process. In the previous elections they had been appointed 13 months in advance of the election call. We don't know when the election is going to be called. However, after returning officers are appointed, they're given an orientation by our office, they're trained by our office, and then it's their job to go out and find a returning office, to find poll locations, and to find 16,000 people to work for one day during the election.

We provide them with materials and a training program to train their poll clerks, deputy returning officers, and registration officers. We provide them with all of the written materials – brochures, manuals – and we go through the training approach with them. This is something that's conducted by staff of my office, myself, and the Deputy Chief Electoral Officer at every training session. Segments of it are conducted by my director of finance, my director of election operations, and other staff in my office to explain how to use the election management system that we have, a computerized system. All of these components are put in place. We deliver the training.

I personally believe that we can improve the training program. We can improve the materials that we have, and this is one of the reasons why I'm requesting that we be able to hire a full-time trainer for our office who can prepare better materials that are more suited to adult learning styles, different kinds of training techniques, whether they're online, whether they're video training, and of course the in-classroom training that we've traditionally used.

The Chair: Thank you.

Mr. MacDonald: I think Mr. Bhullar has a question.

The Chair: Well, we've got a couple more on the list yet. I have one question, and then Mr. Horne.

From your two pages, the estimates by object of expenditure and the explanation of changes, on the estimates you did have the 2007-2008 comparable, but when you went to the explanation of changes, I'm wondering why you didn't also put in that line of the actual from 2007-2008 and use that number, then, when you went through your percentage of change for '09-10. There's quite a difference in what the percentage would have been.

Mr. Gibson: As I mentioned earlier, these are preprinted forms that we complete. I gather they come from the department of finance. I don't have an opportunity, really, to present the budget in any other format than what I'm given to work with here. However, you know, I was pointing out to you that despite the fact that this appears to be a 2 per cent increase on the pieces of paper that I've distributed to the committee, in fact we're looking for 13 and a half more staff, and there's going to be an obvious cost to that.

11:35

The Chair: That's correct, and that changes that percentage. The reason it even comes up is just because of the fact that '07-08 was an election year.

Mr. Gibson: Sure. Had the election actually occurred in the last fiscal year, my budget for the next fiscal year would probably be showing a 75 per cent decrease with 13 and a half more staff, which isn't, of course, the case either. It happens that, you know, there was some carry-over from the election budget that we had put forward last year.

The Chair: Right. I understand.

Mr. Horne, then Mr. Bhullar.

Mr. Horne: Thank you, Mr. Chair, and thank you very much for the presentation, Mr. Gibson. As a new member of the Assembly I'm going to ask a couple of questions that perhaps may seem bordering on the elementary to some of my more experienced colleagues, but I'm going to do so anyway because of the opportunity that we have to talk with you today.

We'll just go back to your last comment. What would be helpful to me, although we're not in the right cycle for it, is to be able to compare the expenditures of the office in two consecutive nonelection years. I realize that the forms and so on don't allow you to put the discussion in that context for us, but in reviewing the documentation and particularly your plan going forward, it would seem quite plain to me that you are endeavouring to change the focus or to substantially enhance the focus of the office to many things, a predominantly broader engagement of the public in the democratic process. While I certainly, you know, applaud your commitment and interest in doing so, I'd argue that there is also equal if not more onus on us as legislators and other stakeholders to do that work.

Looking at the situation that we're in financially, as Mr. Lund alluded to, of the 13 and a half staff that you're proposing to add, could you estimate for us approximately how many of those would be directly related to your goal 4, to "expand assistance to political participants," and your goal 5, to "improve election administration"?

Mr. Gibson: In terms of expanding the support that we provide to political participants, I would say that, clearly, with the training position that we have, the technical writer position, it's difficult. With the IT positions that we're looking at, we're looking at being able to integrate the databases that we receive from other sources to improve our register of electors, and of course to the extent that there's an improved register of electors, it's going to improve information that's available to members and other candidates that run in the election.

Clearly, the financial compliance analyst position is another one that would be there to provide direct support. In fact, in the last election we began to conduct information sessions for political parties. In the past we had attended campaign colleges at the invitation of political parties. This election we proactively went out

to the parties and offered a program of information, making it available to anyone, not just to the large parties that happen to hold campaign colleges but to the smaller parties and the independents, to provide them with that kind of information that would help them comply with the law.

I think that even the public information position and the outreach positions that we have in Calgary would end up providing perhaps some indirect assistance and support to the participants in the political process.

Your second question had to do with . . .

Mr. Horne: I was just looking in total for your best guess of how many of those FTEs would be directly related to goals 4 and 5.

Mr. Gibson: Pardon me. The second goal, goal 5, was . . .

Mr. Horne: Improving election administration.

Mr. Gibson: Yeah. Well, again, I think, you know, all 13 and a half positions would assist in improving election administration. I believe our office is understaffed. It certainly is understaffed relative to other jurisdictions, but ignore that for the time being.

From my experience of being here over the last two and a half years and having run a general election the way we've traditionally run elections in the province, I think that there are a lot of improvements that could be made within our operation internally to better process payments for election workers, for returning officers, to do a better job of recruitment of election officials, to prepare better materials, whether it's for training or information that goes out to the public. That's what these positions are there for: to better control our inventory, to get a better pricing on some of the millions of dollars' worth of materials that we purchase prior to elections. I would say that all of these positions would be related to improved administration of the election.

Mr. Horne: Thank you.

The Chair: Mr. Bhullar.

Mr. Bhullar: Thank you. The Voterlink program I find to be an effective tool from feedback I've gotten. You indicate some interest in part from some other jurisdictions. You've obviously spent a substantial amount of money creating that. Do we have an opportunity to make some money off it?

Mr. Gibson: Let me just first correct a perception that you have about the cost of producing this product. There's one other jurisdiction in the country that has an online voter registration system. I don't consider it to be secure, as ours is. It also, I believe, cost more than 10 times as much to produce as ours. Ours cost \$50,000, a very, very modest cost to produce the software for this particular application.

Within the election community we have a strong desire to be able to co-operate with one another and to provide free of cost to other jurisdictions the sorts of information and products that we've developed. Let me give you an example. The election management information system that we developed – we call it AROES, the Alberta register of electors system – is a full election event management system. We developed that a few years ago, and we've shared it with and it's being used right now by the Northwest Territories, by Saskatchewan, and by Nunavut. We've provided it to them free of charge. They've made some modifications to that system so that it links up with the correct number of electoral divisions that they have

in their jurisdictions and so forth. They've customized it with their own information.

We supply these sorts of tools to other jurisdictions free of cost, and we have done this with Voterlink as well. We've offered it to the other jurisdictions to use, and we'll provide them with the source code for that. We own the source code for all of the products that we develop within our office.

The Chair: Thomas has a comment on this point.

Mr. Lukaszuk: Just on this point. That's very altruistic of you, but why would you not at least build a cost recovery into this and then sell it to other jurisdictions to offset your costs of developing this rather expensive product?

Mr. Gibson: Well, I guess we all consider ourselves to be in the same business. We also receive the benefit of developments within other jurisdictions, and we don't pay for those. We receive them free of charge from other offices. In fact, in the last election we had four staff from Elections Ontario working in our office assisting us free of charge. That's just the kind of thing that we do in the election community.

Mr. Bhullar: Well, before your presentation we had the Ethics Commissioner's office in here, and \$50,000 to create Voterlink, I think, is pretty good. I would ask you to pass along your contacts in the software business to that office because they're paying a lot more for a lot less.

I've got a lot of questions with respect to your engagement strategies and the like, and I think those would probably be left to another place and time just because of our time constraints.

I will next ask: can we perhaps reduce costs of training and recruitment of election-day staff, if we can call it such, by maybe engaging the provincial civil service in this some more? We have potential to have, obviously, a population that's committed to serving their province and hold a specific amount of skill sets.

11:45

Mr. Gibson: It's an interesting idea. I know that with civic elections – city of Edmonton, city of Calgary, for example – they use civic employees to a large extent to run those elections. This is not something that's done in any other jurisdiction. I know that there would be some people that would have concerns about that. There are a lot of very important and valuable functions that are performed by public servants on a day-to-day basis, and whether a substantial number of them, 16,000 of them, could be freed up to come to training and perform that function for us is, you know, something that – I can pretty much work with anybody. Let me just tell you that.

I mean, when you're looking for 16,000 people that are unemployed and available to do that work in an economy such as we have in Alberta, it's very difficult, first of all, to find those individuals. But the job itself is not that complex, and we can pretty much work with anybody to perform that function. But it's an interesting idea.

Mr. Bhullar: Lastly, you've got essentially a million or so dollars for staff and a million or so for programming that you're asking for. Given recent economic conditions, if you had to prioritize your specific programs, what order would they go in?

Mr. Gibson: Well, that's difficult to say. I think I would have to say that the community outreach and education programs that we have need to be supported. We've invested a fair amount of time

and some dollars. Approximately a hundred thousand dollars we've invested for curriculum consultants to develop this material on Building Future Voters for us. It's not a lot of money. It's a lot less than other jurisdictions have invested in the development of similar kinds of materials.

I would want to say that there's been a lot of support for this program so far in the education community. In fact, I have a letter that I was copied on the other day. Premier Stelmach had received a request from some students asking him several things about being the Premier and the skills that are necessary in that kind of job and asked him how elections are run. The Premier has passed along his copy of the Building Future Voters resources. We've had a number of requests from school superintendents and from teachers for this kind of material. The materials themselves offer instruction in the classroom, presentations from our staff and from nonpolitically appointed returning officers in the future. There's an election simulation kit that is available in these materials and an offer to schools to contact our office to help them run mock elections. So the community and educational outreach for me is, I think, paramount.

I guess, secondly, I would have to say that the returning officer liaison and training category, where we're looking at another three staff, is also going to be very important. Some of the public comments made by the Premier not too long ago about turning over the responsibility for appointing returning officers to our office are going to mean an awful lot of work, especially initially to recruit these 83 people and their assistants. That's 166 people that we'll be recruiting through merit-based competitions, the same way any public servant would be recruited.

We've contacted the executive search branch of the Public Service Commission for assistance in this regard, and they can't provide it. They have three staff members: a director and two staffing officers. They can't assist. We need to have somebody on staff who can assist with this recruitment process. It's going to take a minimum of six months to advertise, interview, and appoint these individuals.

When we have these returning officers on staff, we've got a lot of assignments for them to work on. We're going to have another 166 employees, if you like, working for Elections Alberta, and we're going to need to be able to provide support to those staff. Increasing the training that's available to returning officers and preparing better training materials for election workers I think is also very important.

So those are the top two categories, if you like, my priorities.

Mr. Bhullar: Thank you.

The Chair: Thank you.

Mr. MacDonald.

Mr. MacDonald: Yes. Thank you, Mr. Chairman. I have more questions around resources that you do or do not have. Now, I asked you to investigate a matter that occurred at mobile polls 74 and 75 in the constituency of Edmonton-Gold Bar, and you indicated in writing to me that – I can sum this up – there was inadequate training of the deputy returning officer. The deputy returning officer admits that there was no recall of receiving a detailed manual on what was to be done and what was not to be done and had difficulty in locating even the polling place entrance and the poll clerk on election day. On election day the movement of the mobile poll within the Chinese Free Mason building interfered with the routine to be followed after voting was finished. I'm left with the impression that this ballot box was moved from room to room.

The investigation was conducted by your office. I'm not satisfied with it. You indicated also to me that the poll clerk, who also did

the enumeration in this facility before the election occurred, has not responded to you by either registered letter or multiple telephone calls.

The Chair: Mr. MacDonald, can you get to the question on this? This is a specific item that you're talking about, for one specific constituency, one specific poll, as opposed to looking at our budgets. I understand the training aspect you're talking about, but I think if you can pull this together onto this point and leave the specifics out of it.

Mr. MacDonald: Yes. Now, in regard to this poll clerk and the refusal to respond to your registered letters and to your telephone calls, do you not have enough staff to pursue this? If the hon. Member for Edmonton-Calder gets a registered letter from your office, I'm sure he's going to jump right on it and respond. Do you not have enough resources to track down this poll clerk and find out what happened?

Mr. Gibson: We've received a number of letters from you with regard to these mobile polls in your electoral division, and it's my feeling that considering the time that's passed since the election, the multiple responses that we've already given you to the questions that you've asked, the fading memories that some of the individuals have, and our inability to contact others, who've perhaps moved on – I thought we had answered your numerous requests satisfactorily. If we haven't, there's nothing that I can do to make somebody recall something they don't recall. In some cases where forms were not signed, these individuals were contacted, and they have indicated to you that they forgot to sign them. So if you're still unsatisfied or if you have a specific question that you'd like us to look into, forward it on to our office and we will.

The Chair: I think that would be best taken up on a one-on-one basis, please.

Any other questions to the budgets here at all? I have one more person, and then we're going to wrap it up.

11:55

Mr. Lukaszuk: Well, maybe if there are no others, because then my point is moot. I just wanted to caution you, Mr. Chair, as a committee member that I am happy that the Chief Electoral Officer is over here to answer our questions on budget, and it makes an open process, but I don't think it's fair to the Chief Electoral Officer or any other officer of the Legislature to use this vehicle to put them on the spot on particular investigations. They're coming here and disclosing their budgets, but there is a better vehicle to resolve issues that we may or may not have with the officer unless it's really budget related.

Mr. MacDonald: It is budget related, of course. The resources of this office: does he have enough to ensure that there's a fair election?

Mr. Lukaszuk: The fair question to ask of an officer would be: do you have sufficient means and budget to carry on any and all requests that you deem suitable?

Mr. MacDonald: Hon. member, that's what I was asking. I have every right to ask those questions.

Mr. Gibson: Let me just say that one of the difficulties for me is that we do conduct our investigations in private. We consider the

requests or a complaint that comes into our office to be a private matter between ourselves and the complainant. We investigate that matter in private, and we respond. We don't make comment to the public or to the media on any investigation. You can appreciate that the whole process could be used for vexatious complaints as well. We try and keep that information between ourselves and whoever has made the complaint, and we try and keep them up to date on our findings. If we've referred the matter for prosecution, we let them know that, and we let them know the results of that process. It is difficult for me to speak to an individual complaint because I typically wouldn't be discussing those in a public forum.

The Chair: Well, thank you for that.

Mr. Gibson, Ms McKee-Jeske, Mr. Rhamey, and Mr. Westwater, thanks for your presentation. The committee is going to be making decisions on the budgets, and they'll be sent out within the next week.

We'll now be breaking for lunch, and as I mentioned, the committee has extended an invitation for you to join us for lunch. We'll be back on the record at 12:45 sharp with the office of the Information and Privacy Commissioner.

[The committee adjourned from 11:57 a.m. to 12:51 p.m.]

The Chair: Good afternoon, everyone. I'd like to call the meeting back to order. Right now we'll be discussing the office of the Information and Privacy Commissioner. I'd like to welcome Mr. Work, Ms Furtak, and Mr. Wood here. Welcome to our meeting. We're going to go around the table and introduce ourselves for the record. I'm Len Mitzel. I'm the MLA for Cypress-Medicine Hat and chair of the Legislative Offices Committee.

Mr. Lund: Ty Lund from the most beautiful constituency in Alberta, Rocky Mountain House.

Mr. Horne: Hello. Fred Horne, MLA, Edmonton-Rutherford.

Mr. Elniski: Doug Elniski, MLA for the fabulous constituency of Edmonton-Calder.

Ms Blakeman: No, no, no. Fabulous has already been used. Everyone knows that Edmonton-Centre is the fabulous constituency.

Mr. Elniski: I stand corrected.

Ms Blakeman: There you go.

Welcome, everyone, to my fabulous constituency of Edmonton-Centre, unlike the beautiful constituency of Rocky Mountain House or the wonderful constituency of Edmonton-Calder. My name is Laurie Blakeman.

Mr. Wood: Wayne Wood with the office of the Information and Privacy Commissioner.

Ms Furtak: Sophia Furtak, manager of finance.

Mr. Work: Frank Work, Information and Privacy Commissioner.

Mr. Lukaszuk: Tom Lukaszuk, Edmonton-Castle Downs.

Mr. Bhullar: Manmeet Bhullar, Calgary-Montrose.

Mrs. Sawchuk: Karen Sawchuk, committee clerk.

The Chair: Thank you very much.

We'll open the floor to you to give your presentation. If you can keep your presentation to 45 minutes or less, then that will give sufficient time for the committee to be able to ask questions. With that, I'd like to ask you to proceed with your presentation.

Office of the Information and Privacy Commissioner

Mr. Work: Thanks, Mr. Chairman. Actually, 45 minutes is probably more than I'll need, so there'll be that much more time for dialogue with the committee.

Some new faces, some familiar faces, so I think that at the risk of being a bit repetitious for the veterans here, I'll do a little bit of an introduction. The Office of the Information and Privacy Commissioner of Alberta is responsible for either implementing or overseeing the implementation of three pieces of law. One is the Personal Information Protection Act, which is an act that regulates how businesses in Alberta collect, use, and disclose personal information. There are only three provinces in Canada that have such a law: one is Alberta, and another one is British Columbia; the third one is Quebec. Then there is an overall federal law that deals with the same matter, but B.C., Alberta, and Quebec, maybe not surprisingly to some extent, opted out of the federal law by passing their own provincial law. At any time I'd be happy to go into more detail on any of these, but I'll spare you the painful section-by-section recitals unless you want to hear them.

Alberta also has a Health Information Act. Alberta was one of the earliest provinces to pass a specific law dealing with health information. Since then a number of other provinces have, and a number of other provinces are in the process, particularly in the Maritimes, of bringing in health information type laws.

The Health Information Act applies to what are called custodians. A custodian is a health care worker who is paid to deliver health services out of medicare. Until the situation is changed, which I think it may be soon, at the present time you could have, say, a physiotherapist who might be paid out of medicare for some services, and then they would be subject to the Health Information Act. The same physiotherapist might be paid privately for other services, in which case they would be subject to PIPA, the private-sector act. I wouldn't say that the interface between them is causing a lot of confusion – certainly, my office together with Service Alberta, I think, has helped allay most of the confusion – but it's not the most straightforward arrangement.

Anyway, on health information, basically, the way the Health Information Act works in Alberta is that if you're a custodian, that is, a health care provider who's paid to deliver health services through medicare, that's your ticket into the information arena. HIA creates an information arena. Once you're in the information arena as a custodian, people's personal health information moves very fluidly in that arena, so there are not a lot of places inside the arena where information stops flowing so that someone is asked for consent: can I use your information for this; can I disclosed it for that? Indeed, the objective of the legislation is to facilitate that free flow of information within the health care system.

The mandate of my office, I would say, is to monitor what goes on within the arena. There are rules. It's not totally, you know, every person for themselves. There are rules. Just as importantly, our job is to kind of patrol around the perimeter of the arena and make sure that what's meant to be kept in the arena stays in the arena. To that end, we have, for example, prosecuted people under the law who have taken information out of the arena for wrongful purposes. I think that when people relinquish some control over their health information, you have to give them some reassurances in return. I

think the reassurances that people were given by the Legislature were the Health Information Act and the enforcement mechanisms and the penalties in it.

Last and certainly not least, the Freedom of Information and Protection of Privacy Act, which kind of was the grandparent of them all back in the mid-90s, of course, applies to public bodies. Government of Alberta entities, municipalities, universities, schools, hospitals, police services, school boards, and so on are all public bodies.

The Freedom of Information and Protection of Privacy Act does two things. First of all, it promises Albertans a right of access to information held by public bodies, subject to certain exceptions. That process works by people applying directly to the public body saying, "I would like to see this budget" or "I would like to see that contract." Then the public body has to decide whether or not it should be released or whether an exception applies to it. If there's a dispute over that, it's referred to my office, and we'll try to negotiate something. If that fails, I'll hold an inquiry and issue an order. That's the access to information side.

The privacy side of the FOIP Act tells public bodies how they may collect, use, and disclose the personal information of Albertans. Again, if any citizen, any member of the public feels that their information has been improperly collected, used for a wrong purpose, or disclosed improperly, they would complain to my office, and we would investigate.

I think it's important in these interesting technological times to point out that all three of these laws contain a provision that places responsibility for the security of personal information on the shoulders of whoever is subject to the act. In the private-sector act there is a provision that says that a business or an organization is responsible for the security of the information they collect. There's a provision in the Health Information Act that says that a health care body custodian is responsible for the security of the personal information they collect, and similarly for public bodies.

1:00

Increasingly we spend more and more time trying to educate all organizations, health care providers, and public bodies on the security requirements and how to live up to them. We do spend a lot of time investigating losses of information, breaches of security. We spend a lot of time working with organizations that have lost information, figuring out what to do about it; you know, how to remediate after the event has occurred. You can't open a newspaper without seeing that someone lost something somewhere: lost a laptop, lost a memory stick, lost a DVD or CD containing information. As the technology advances, that's becoming an increasingly significant line of work for us.

Basically, under any of the acts the primary drivers are that it's complaint driven. We conduct inquiries and investigations, and we issue orders. Then, of course, in terms of accountability the orders we issue can be reviewed by the courts. In a nutshell that's kind of how our business works.

I'm going to move along to some numbers and stuff now. Mr. Chairman, I can keep moving, or if anyone wants to talk about general stuff.

The Chair: Yeah.

Mr. Work: All right. Okay.

You have the paper copies of the submission. What you see on the screen is a summary of our budget request with comparable '08-09 and '09-10 in bold. What we're looking at is primarily in personnel. You'll see in '08-09 \$4,470,000. We're looking to go to

\$4,847,000, which is a \$377,000 increase in personnel. That would be exclusively to hire one new full-time equivalent. I'll explain to you in a minute what we had in mind for that person. The other increase is in supplies and services. It's presently \$1,067,000. We're looking for another \$54,000 on that.

Because of shared services with Ethics, we recover \$25,000, so that's in brackets. So for our total operating expenses we would be looking at going from \$5.5 million and some to \$5.9 million, an increase of \$400,000. Moving out of operating expenses into equipment, we're going from \$25,000 to \$44,000 for a couple of servers and tracking software for our case management system. All of this is a 7.6 per cent increase.

I want to take you down another level because I know this is always an issue that the committee is interested in. From the earlier slide you saw that under the operating expenses there was a supplies and services entry. I'm going to take you down one level now into that supplies and services item. The largest component of that is what we call contract services. In our budget \$600,000 is always an amount that can't help but attract attention, and I feel obliged to give you some background or some explanation of that.

Our contract services budget is predominantly used for legal services because I go to court a lot. With three pieces of legislation which govern the entire length and breadth of Alberta – public sector, private sector, and health sector – I issue a lot of orders. As I'm going to tell you, I issued a huge number of orders last year. If someone doesn't feel I issued the right order or if someone feels that I lacked the jurisdiction to issue the order, their remedy is to take me to Queen's Bench, and I have to show up and explain myself to the judge. The bulk of the contract services item goes to lawyers on judicial reviews.

A lesser proportion of that goes to IT services for the office. Like everyone else, we're heavily – I was going to say heavily addicted to various kinds of information technology. Maybe that's not the best term, but it seems like once you start down the IT path, it just sort of pulls you with it. That's not to say that we're extravagant at all, but we're into the servers and the BlackBerrys and being told that our software is now outdated and no longer supported and we'd better buy some new licences, and so on.

The other component, supplies and services, materials and supplies. We're looking at an increase there of \$50,000, which is primarily going to be used for educational materials, and that includes everything. We put out a number of annual reports. We put out a lot of publications both electronically and on paper because, again, the three pieces of legislation are complex pieces of legislation. We feel we share a mandate with Service Alberta to inform the public about these laws and help them obey the laws. All other supplies and services: an increase of \$3,500. That's an increase of 5.1 per cent.

Drilling down even further in that contract services item to give you some more specifics, on computer hardware and software last year we spent \$25,000. This year we want to spend \$44,000 on that. Keep in mind, please, that when you see these percentages on these other slides, they're all part of the overall 7.6. On this particular slide you see 76 per cent. That's not 76 per cent overall. That's a 76 per cent increase on this line item, and that's part of the 7.6 per cent.

We are looking for additional money to customize our electronic case management database. We get thousands of files a year, and we use, obviously, an electronic system to track our files. We want to upgrade that, and we want to replace two servers that are getting old.

Personnel. Presently my office has 38 FTEs. The significant increase in this budget submission is for another FTE. I think I'll

maybe explain it to you this way. Last time I was in front of you, there were some very legitimate questions raised about our timelines and our orders, and I gave my undertaking that we would deal with that with existing resources. So what I've got here is the number of orders we've issued per year: in '05-06, 32; in '06-07, 53 – and this is what I'm quite proud of – in '07-08, 81 orders, which is staggering in comparison to any other office across the country. The 81 orders we put out in the past year got rid of our backlog. Currently we're working on complaints and investigations dated '08. It was a tremendous accomplishment.

1:10

We restructured. We reorganized. We changed some priorities. I really have to take my hat off and applaud my staff for buying into the new program. The result was that we cleared the backlog, and we are working on '08 matters now. This is fiscal – okay? – not calendar. Presently we have 33 orders out in '08-09, and we're on course for about 75 in fiscal '08-09. So I'm very, very pleased with that. As I said, we used the existing FTEs, changed the structure of the office somewhat.

I don't know how interested you are in the minutiae of my office, but in the past under the legislation it was always the commissioner that heard the inquiries and issued the orders, and it was becoming clear that I was the bottleneck. I just wasn't able to deal with that volume of inquiries. So we decentralized. We hired some very good people, and I delegated them authority to hear inquiries and write orders under the act. That is basically how we attacked the backlog. I also appointed an assistant commissioner to help me with some of these, but she's not involved in the order-writing function.

Timelines. I think I've covered that. I'll come back to that. The only thing I didn't cover is the orders that are now under judicial review, but I did mention those.

Anyway, the additional FTE that I'm looking for would be a another adjudicator, basically. Having gotten our timelines down and having established a fairly current regime for dealing with matters, I want the additional FTE in order to be able to maintain that level of service to Albertans. Okay. That's my explanation of the additional FTE.

Back to the personnel slide. Setting aside the additional position, the rest of the increase, as you can see here in the fine print at the bottom, is salary increases, and that's based on a 4.3 per cent negotiated increase. That was negotiated by the government of Alberta, not by my office. Even though my office is independent from government, we're still subject to the Public Service Act, of course. So if the government of Alberta negotiates something or agrees to something with its employees, we follow that. We're assuming here a 4.3 negotiated increase that will be handed to us by the government and a 3 to 4 per cent merit increase in addition to the new adjudicator position.

Okay. I think we're nearing the end. I jumped around a little bit on you, so I hope I didn't throw anyone off in terms of presentation.

I would just summarize by saying that it has been a good year. The things that I'm particularly proud of are, as I said, dealing with the backlog and not asking for any new resources to deal with that. I'm very pleased with the progress that we've made with the private sector under PIPA, the Personal Information Protection Act. I think the level of take-up or the level of acceptance by the private sector on that piece of legislation has been extremely high.

Similarly with the Health Information Act. I was struck earlier this year. There was a survey done by an organization called Canada Health Infoway. Their mandate from the federal government is to foster the development of electronic health records across Canada, and they also do some studies and whatnot. Canada Health Infoway

together with the office of the Privacy Commissioner of Canada did a study on electronic health records, and they found that the awareness of electronic health records was highest in Alberta. They also found that the awareness of privacy concerns arising from electronic health records was highest in Alberta – the level of awareness, not the level of things going wrong. The level of awareness was highest in Alberta among health care providers, and even more pleasing was that the general public awareness that there were privacy rules respecting electronic health information was also highest in Alberta.

I don't have any evidence for this, but I'm going to take some of the credit for that on my office. Certainly, I probably have to share that with Alberta Health and Wellness, but I'm taking some of the credit.

Some good-news stories, as I said, some less good-news stories, we prosecuted the first individual under the terms of the Health Information Act for improperly accessing people's health information. The individual pled guilty and was fined \$10,000. I mean, that's never a good story, but it's a good story in that the court, obviously, took this matter of misusing electronic health records seriously enough to impose a \$10,000 fine, and I hope that that will serve as some notice that we will not hesitate to prosecute misuse of Albertans' health information.

I think that'll do it for me, Mr. Chairman. I'll be happy to talk about anything you guys want.

The Chair: Thank you, Mr. Work.

We do have some people with questions. Before we start, just for the record, Mr. MacDonald as a member has also joined the committee since we did the introductions.

Mr. Elniski.

Mr. Elniski: Thank you very much. Thank you, Frank. I appreciate the presentation.

A couple of simple questions here. Under Professional Fees and Development in your budget, I'm going back to 2007, it's showing a budget of \$112,000 and then an actual expenditure of about \$86,000. A similar situation is occurring for this year. I drop down to the travel line, and I'm seeing the same thing happening again, where either it's significantly overbudgeting or underspending. I'm preferring to think, of course, that it's underspending. Because I'm seeing it a couple of years in a row, I'm wondering if maybe there's not a trend there.

You indicated that your professional fees and development money went down because you had less expenditure types of things to incur this year. But I'm looking at the same kind of thing for travel, and I'm seeing a significant increase in travel. You've increased travel, well, by \$40,000 over where your actual expenditures were for the forecast for the year. What are you doing there? I'm kind of wondering because typically before that you were always way under budget by, like, 30 or 40 grand.

Mr. Work: Let me catch up here. We're under Supplies and Services, travel.

Mr. Elniski: Yeah. Travel. Well, the first item is under Personnel: professional fees and development.

Mr. Work: Right.

Mr. Elniski: You're consistently under budget there. Then also for travel you're consistently under budget.

Mr. Work: Right. Why are we consistently under budget?

Mr. MacDonald: WestJet.

Mr. Work: WestJet. I wish. I tend to forgo a lot of travel opportunities. We know that there are certain travel events that I usually go to every year. Particularly if they're expensive, if I don't need to go, I'll forgo it; for example, this year the international data protection conference. I'd been a couple of years. We budgeted for it for this year, and it was in Strasbourg, France. I didn't go this year. I looked at the agenda when it came out, and I couldn't justify the trip based on what was on the agenda. I know it's not the most diligent planning, but I do like to attend those things because sometimes they are very useful, but if they're not, I'd just as soon not sit on a plane for eight hours.

1:20

Mr. Elniski: Yeah. Okay. Thank you very much.

The Chair: Mr. Lukaszuk.

Mr. Lukaszuk: Thank you. That was nice to hear those comments. Not to pick on you, but you mentioned something about this addiction to IT. You have the disadvantage of being, I think, the fourth in a row presenting to us, and I really commend you for saying that, because that's what I'm sensing looking not only at your budget but at your colleagues' budgets. This IT line is just astonishing in dollars considering the size of your and your colleagues' offices.

I'm not suggesting by any means that you're extravagant and that you have, you know, the iPhones and everything that one could possibly buy, but what I am concerned about is that you may be being taken to the cleaners by some of these outsourced companies that are providing you with IT services because just comparing your budget with previous budgets of similar size, some of you are getting a lot of product for a lot less money and some of you are getting very little for a lot of money relevant to setting up databases and software. So my question to you would be: have you had a chance to analyze the costs, and are you really paying market value? Are you getting value for your dollar on it? Have you also had a chance to see if there could be any collaboration between the other officers of the Legislature? All of you are buying servers, and all of you are buying certain equipment. I'm wondering if there could not be any collaboration and cost savings. That's one comment/question.

Another one. I'm looking at your line item materials and supplies, and you had \$198,000. Can you tell me what falls into that?

My last question to you. Your rent is fluctuating significantly from year to year. I imagine that it would be your lease cost for your office, is it? If it is, are you on a month-to-month? Why do you see such massive fluctuation in your rent costs?

Mr. Work: Okay. Tough questions. I'm going to be a chicken and answer the easiest one first. On the rent: nothing whatsoever to do with me. Alberta Infrastructure leases the premises for me. Oh, I'm sorry. You weren't talking about my premises rentals, you were talking about . . .

Mr. Lukaszuk: I'm not sure. It's listed as rentals.

Mr. Work: Oh, rentals. I'm terribly sorry. I owe you an apology. That item deals with – guess what? – more equipment.

Mr. Elniski: Computers or what?

Mr. Work: No. That item is photocopiers, copy charges, yeah, fax and so on. Sorry. That's what that item is. I would imagine the reason it goes up is because we're making more photocopies. It could have something to do with the 80 orders we put out.

Did we replace machines this year?

Ms Furtak: We have new ones from last year.

Mr. Work: Yeah. Okay. We replaced our photocopiers in the last year, so the numbers you're seeing here are just purely photocopying charges.

Mr. Lukaszuk: Okay.

The Chair: Thank you.

Mr. Work: Oh, now, wait. I've got two more questions. Sorry.

The Chair: Oh, all right.

Mr. Work: Materials and supplies consist of locksmiths, office supplies, letterhead, books and newspaper subscriptions, brochures, Right to Know Week brochures, health information brochures, annual report, miscellaneous equipment, BlackBerrys, and we had to replace 15 computers this year, which speaks to your point about IT equipment. We replaced 15 CPUs at \$1,400 each plus a network server and an external tape drive that cost a couple of thousand dollars, which takes me to your, I guess, biggest question, or the most challenging question, about IT additions.

On the item you referred to, out of the \$600,000 line item \$150,000 of that goes to IT, okay? To put it another way, out of that \$600,000 in contract services \$450,000 went to, basically, legal services; \$150,000 of it went to IT. Are we getting value for money? I hope so, but to be perfectly honest, it's my educated guess that we are. We have IT people. If they say that we have to – their expression – evergreen our desktop computers every three years, I tend to take their word for that, so we wind up buying 15 new CPUs at \$1,400 each.

Right now we're on Windows XP, for example. I'm told that within a year or two Windows XP will no longer be supported and we'll be required to move to Windows Vista. Here's where the addiction comes in, which I think you're referring to. We're going to have to move to Windows Vista because XP won't be supported anymore, and we'll have to pay for the licences and upgrades for that. Value for money? I don't know. I just do know that when someone like me is told, "Well, your system isn't going to work after a certain point in time, and you won't be able to find anyone to help you make it work," I get concerned.

Whether or not we could do something with the other legislative officers, there are possibilities there. In fact, we were sharing services with Ethics. That worked quite well until the Ethics Commissioner got the conflicts-of-interest legislation. My understanding is that that lobbyist registration system works on a particular software that we could no longer help them with, so we had to part company at that point. Because of the specialized software that the Ethics Commissioner needed, my people were no longer able to do both jobs for them, so they had to find someone who could take care of that software.

We try. For example, our website is hosted here, is it not? The LAO, Legislative Assembly Office, hosts our website. You make a good point. I mean, we've never gone as far as saying, you know: could we have an IT department for all five offices? I honestly can't tell you the feasibility of that. As I say, we ran into some issues with

Ethics because their software, hardware, IT needs changed quite radically when they got their new law, but, you know, there may be opportunities there.

Long answer. Sorry.

Mr. Lukaszuk: No. Good answer. Thank you.

Ms Blakeman: Three questions. Why is there no ISBN number on your annual report?

Mr. Wood: I have no idea.

Mr. Work: I know what an ISBN number is, but I have no idea either.

Ms Blakeman: Okay.

Mr. Work: I have absolutely no idea.

Ms Blakeman: International standard book number. The little bit that you usually get on the inside cover is an international number, and it allows librarians to find it. There is no ISBN number on this document.

Mr. Work: We'll find out right away. I've never even thought of that. Of course, our annual report is filed in a lot of libraries.

Ms Blakeman: Okay. Thank you.

Second question. In your chart up there you've got 33 cases that have already been decided on. You have 119 pending. Are you expecting them all to be completed this year, which would give you 152 this year compared to 81? It's almost doubling last year. Are you expecting that number to come . . .

Mr. Work: No. The 119 pending are all cases that are now in the inquiry queue. What will happen is that there will be delays. We know this. It's a judicial process, so each party prepares their submissions and sends them in. We know that there will be delays from parties' being unable to get their submissions in on time or one party asking for an adjournment because they were taken by surprise on some issue or they weren't expecting some issue. We know that in some cases there will be preliminary issues.

1:30

We've got one before the court now where it was a large information request to the government of Alberta that affected a large number of third parties. The adjudicator said to the government department: you'd better give all these people notice that you're considering releasing information that affects them. The government department said: no, we don't think that's right under the act. We're now in court over that. There will be some more of those. That will take a fair number of those 119 out of the stream by March 31. It's hard to predict exactly how many.

Ms Blakeman: Okay. Yeah. I'm seeing that, and I'm conscious that your 81 number included your catch-up number. I'm sort of trying to look at how much activity you expect this year.

Let me go on to something else: management tools. I'm looking through the documentation that you gave us for this meeting, including at the meeting and from your annual report. What I'm finding is a lot of information about how many cases you've opened under each piece of legislation and how much you've closed – that's an activity level – and then a couple of years' comparisons. I'm not

really getting any performance measurements out of here. I'm getting number open, number closed, but that doesn't tell me if you're doing a good job. It doesn't give me any tools to evaluate, and I suspect it doesn't give you tools.

Have you got a page number you want me to look at?

Ms Furtak: No.

Ms Blakeman: Okay. Are you looking at developing performance measurements that would work as a management tool for you to help understand where you're at not just in how many cases come at you but how long it takes you to open them and respond the first time? The Ombudsman has got almost too much information about, you know, how many cases they open within seven days, or first letter goes out within 14 days, et cetera, et cetera. They're really tracking. As an opposite, I have almost nothing from you other than that you opened a bunch, you closed a bunch.

Mr. Work: Well, if you look at page 7 of our annual report . . .

Ms Blakeman: Which I am.

Mr. Work: . . . for example, under breakdown of cases closed in '07-08, 626 cases closed at mediation/investigation, 50 per cent within 90 days, 20 per cent within 90 to 180, 30 per cent in more than 180. I'm not sure how I would cut it much more finely than that.

Ms Blakeman: I'm just wondering if you're working with that. You're not, but maybe you could tell me why you're not looking at saying: we want to have 4 per cent better closed within that period of time or referred or adjudicated within that time. What I'm seeing here is a recording, not an analysis. I guess that's the difference. Maybe it's not a useful tool to you, but coming out of a Public Accounts background, I'm looking at this in terms of performance measurements, and I can't find any. This may not be a question you can answer now.

Mr. Work: Well, I'll tell you a couple of things. With the orders, for example, the performance measure for the adjudicators that we appointed was 22 orders a year. That was a performance measure. So that was about two a month, recognizing that people get holidays. That was fairly easy to do because with the adjudicators now under the new system they get assigned cases. You know, there's a stop and a start, and you can control that fairly readily.

With the stuff that the portfolio officers do, they do everything from answering – and I think there are some numbers in here about just the number of bare phone calls we get.

Ms Blakeman: It's at the end.

Mr. Work: No. On page 2, for example, you can see there that in 2007-2008 we had 1,100 cases, and then we had 4,335 noncase calls, which might just be inquiries. I find it hard to set performance measures for those because it's such a mixed bag. That's noncase calls.

Out of the cases we open, the mandate of the directors of the three areas is to have their staff working on about 35 cases at one time. That's the benchmark guideline for a caseload. Again, when I think of the kind of cases we get, it can be anything from one person requesting their personal file from social services or, as in this case I mentioned, someone requesting a huge volume, you know, 20,000 documents, from a government department that involves a couple of

hundred other people's information. To try to benchmark, the comparators between those are pretty hard to find. I mean, we try to triage them so that the same person isn't getting the huge cases, but saying that the average should take you two weeks to solve is pretty tough for those reasons. Maybe I should talk to the Ombudsman because he's got similar kinds of cases, I suppose. I could ask him how he's benchmarking or performance measuring his stuff.

Ms Blakeman: Thank you.

The Chair: Mr. MacDonald.

Just before that I might add, too, that I think that in January we're going to be going thoroughly through the annual reports of all of the officers. We'll have another meeting.

Mr. MacDonald: Okay. I appreciate that.

Ms Blakeman: That's directed to me because I referred to this. You're getting hit for what I did.

Mr. MacDonald: That's okay.

The first comment I have is that I don't know if it's necessary today or not to be cutting into the natural gas rebate program, but the furnace is certainly working overtime in here this afternoon.

Ms Blakeman: Finally.

The Chair: It's just finally warmed up here.

Mr. MacDonald: Yeah. It was cool this morning, but it's warm now.

However, Mr. Work, I appreciate your time, and I appreciate your office. I've had some questions, and you've always been very quick to respond. I want to say thank you.

Mr. Work: A pleasure.

Mr. MacDonald: You indicated earlier that you have outside legal services in the range of about \$450,000. Are those legal services with one firm, or is it a competitive free market for these legal services?

Mr. Work: It's competitive. We use several different firms, but our ability to be really competitive is limited by the fact that there are so many large firms now that they often have conflicts where they're not allowed to represent us. A good example was when Kellogg Brown & Root took me to court on an issue. It took my staff a long time to find a lawyer who wasn't in a conflict situation vis-à-vis KBR. I don't have the luxury of a totally free market. We've got about four different firms we use, a couple in Calgary, a couple up here.

Mr. MacDonald: Thank you.

The Chair: Mr. Lund.

Mr. Lund: Thanks, and thanks for the overview. Looking at your budget and the recovery for support service arrangements – that was the deal with the Ethics Commissioner – did I hear you say that that is no longer?

Mr. Work: We still do the human resource, you know, well, HR, personnel services, for them on a shared basis. We still do financial

services, accounting and bookkeeping, for them, but we had to decline on the IT, again, because of the specialized software that they needed for the lobbyist registry.

Mr. Lund: Okay. This \$25,000, then, is for those other services, not for the IT?

Mr. Work: Yes, sir. Yeah.

1:40

Mr. Lund: When they were in here, I guess I misunderstood them. I thought that the IT part of it was something that they weren't so sure they were going to have to give up getting from you.

I guess you won't be surprised if somebody from the committee mentions the fact that with the financial times the way they are and what's going on, we know that most departments and most agencies are being requested to hold their budget increases to 3 per cent. I'm curious: if that was the case with yours, then would that mean that the one individual that you were going to hire wouldn't occur, or would you be able to work in some other parts of your expenditures?

Mr. Work: I think, yeah, that if we were directed to keep it to 3 per cent, we would probably look at just not asking you for that position, not filling it. As I said, for my office a lot of these things are givens. As you know, we projected government coming in at a 4.3 per cent negotiated increase and 3.4 merit. If government across the board stays at 3 per cent, then as long as we don't get a 4 per cent passed on to us that we have to fund out of 3 per cent, we can do it. If, you know, we get that passed along, we can forgo the additional position. If we're only required to increase by 3 per cent as a result of government actions, yes, sir, we can do it.

Ms Furtak: The 4.3 has already been settled.

Mr. Work: Oh, I'm told the 4.3 is already a given for next year.

Mr. Lund: Yes, it is.

Mr. Work: Okay. Then it would look like we would have to find 1.3 per cent of that in what we have somewhere. Well, we would just do it.

Mr. Lund: What impact if you aren't able to put the other person in position?

Mr. Work: I guess my immediate concern would just be that our queues will get longer again. I don't think they'll get as long as they once were, but the object of the exercise was to keep it as short as possible. Without the additional person the queue will get a little bit longer. I'm not about to pretend, to tell you that we're going to have horrible lineups as a result of that because I don't think we will.

Mr. Lund: Okay. Thank you.

The Chair: Mr. Work, I'd just like to follow up a little bit on what Mr. Elniski said. I guess it's peripherally tied to what Mr. Lund just mentioned, too. It goes back to your budget by objective and expenditure, the chart you have there. If I've done my math right, it looks like \$342,000 was returned to general revenue. That's what the estimate is to be returned to general revenue. When you look at the number of the forecast compared to – did I add it up right here? It was something like that: \$342,000 returned to general revenue. I just wanted to confirm whether that number was correct or not

because the budget increase was tied to the previous budget as opposed to what the end-up forecast was, so that does make a significant difference.

Mr. Work: Okay. I'm told that the forecast number you have includes positions that have been from time to time vacant. We still have to carry the salary for them until we fill them, but if they're not filled, we don't spend the money, so the money comes back. We still have to budget – I'm not explaining this very well.

The Chair: It doesn't include the salary of the vacant positions: is what you're saying with the forecast?

Mr. Work: The forecast number includes all salaries. But if we have someone leave and then we're not paying them, obviously that money is going to come back into the coffers at the end for the period that the position was vacant.

The Chair: But when you look at the budget you had of \$5,562,000 and you look at the forecast of \$5,220,000, there's \$342,000 difference there. That's the number I'm getting at. It's on the bottom line, the total expenses and equipment/inventory purchases, the entire thing. Under the '08-09 budget you've got \$5,562,000, and under your forecast you've got \$5,220,000, which amounts to \$342,000 that you're forecasting will then go back to general revenues. What I'm getting at is that your increased percentage is based on what your '08-09 budget was, not what your forecast is. So if you subtract \$342,000 off of that, we're looking at a different number of percentage increase.

Mr. Work: Yeah. Sorry. It took me a long time to get that through my head. It is based on the budget number.

The Chair: That's right. So there's a significant dollar value that's being returned.

Mr. Work: Depending on how many people leave, yeah.

The Chair: Yeah. But I'm just going off the difference between the forecast and what you have as budget.

Mr. Work: But if I base my increase on actuals, then if I did have a full complement of staff, I'd be short, wouldn't I?

The Chair: Yeah. I understand. I was just using those bare numbers as they sit right there.

Mr. Work: The reason I went to law school was that they promised me there was absolutely no math involved. Sorry it took me so long to get that.

The Chair: Am I correct, though, that that difference would be returned to general revenue? That's correct?

Mr. Work: Yes, you are correct.

The Chair: Are there any other questions?

For the record Ms Notley, another member, has joined us as well.

Well, thank you very much for your presentation. I might say that we'll be having a decision sent out probably within the next week, so we'll be talking to you then. Thank you very much.

Mr. Work: Thank you for lunch, thank you for all the questions, and I wish you season's greetings.

The Chair: Ladies and gentlemen, we don't start now until 2 o'clock. We'll take about a nine and a half minute break.

[The committee adjourned from 1:49 p.m. to 1:59 p.m.]

The Chair: Well, ladies and gentlemen, we'll call the meeting back to order again. Now we'll be discussing the budget of the office of the Auditor General. I'd like to welcome the Auditor General, Mr. Dunn, and Mr. Olson and Ms Eng.

We'll go around the table and introduce ourselves for the record. I'm Len Mitzel. I'm the MLA for Cypress-Medicine Hat, and I chair the Leg. Offices Committee.

Mr. Lund: Ty Lund, Rocky Mountain House.

Mr. Horne: Fred Horne, MLA, Edmonton-Rutherford.

Ms Blakeman: Laurie Blakeman. I'd like to welcome you to the fabulous constituency of Edmonton-Centre, where there is still no snow.

Mr. Elniski: Doug Elniski, MLA, Edmonton-Calder.

Ms Eng: Loulou Eng, manager of finance, OAG.

Mr. Olson: Jeff Olson, chief administrative officer for the OAG.

Mr. Dunn: Fred Dunn, Auditor General.

Ms Notley: Rachel Notley, Edmonton-Strathcona.

Mr. Lukaszuk: Thomas Lukaszuk, Edmonton-Castle Downs.

Mr. Bhullar: Manmeet Bhullar, Calgary-Montrose.

Mrs. Sawchuk: Karen Sawchuk, committee clerk.

The Chair: Thank you very much. Then I welcome you to give your presentation to us. If you keep it around the 45-minute mark, then that'll give us ample time to be able to ask questions and to communicate back and forth.

Mr. Dunn: Well, thank you, Mr. Chairman, but we plan to do it in less than 45 minutes.

The Chair: Then we'll have lots of time for questions.

Mr. Dunn: You'll have more questions.

I plan to speak less this time and turn it over to Jeff Olson, who is our chief administrative officer. In the past you met with Ken Hoffman, who was our rented chief administrative officer until we got a full-time one. Jeff joined us from the Department of Education last year. I believe you started sometime in January of 2008. I'd like to turn it over to Jeff to go through the presentation that we have provided to you and then also answer any questions that you have from the material regarding our business plan and our operating results from last year. So, Jeff, if you could take less than 45 minutes, say 20 minutes, and go through the material, then we'll have lots of time for questions.

Office of the Auditor General

Mr. Olson: Thanks, Fred. Mr. Chairman and committee members, the package you have, that was provided to you, is in three sections.

It's got the first one being the 2009-2010 business plan, the second is the 2009-2010 budget estimates, and the third and last section is the presentation with slides that I'd like to go through with you.

Now, in those slides we'll be briefly talking about and highlighting the business plan and the work that's ahead of us in the next year. But what I really would like to do and emphasize in the slides is that what we want to do is update you on our fiscal situation of the second quarter forecast for '08-09 and the challenges we face; present our 2009-2010 budget request, where we have to deal with many of the same challenges; and have a discussion on the policy requiring this office to charge audit fee revenue to public-sector entities.

If I could get you to go to slide 2, this is our mission as written in our business plan, and it remains the same as in the previous years, so I won't really touch on that.

Sliding into slide 3, what you've got here is significant opportunities and challenges. One of our first challenges is responding to MLAs' and Albertans' expectations for audits. The office of the Auditor General exists to serve the Legislative Assembly and the people of Alberta, as you know. In fact, part of our legislative requirement and mandate is to examine and provide independent reporting. What we're reporting on is: has there been efficient and proper use of public resources? This aligns with our test audits core function. Then when we measure and report on the effectiveness of programs, this aligns with our system value-for-money audits core business.

To improve our ability to meet the expectations of MLAs, we did a survey in this last year. The survey identified that MLAs, 94 per cent, overwhelmingly thought our work was worth while, 84 per cent thought we meet or exceed expectations, 96 per cent always or often saw the report topics as relevant, and 93 per cent always found reports objective and unbiased. The MLA survey, as also identified in the next point on that slide, identified focus for us, a focus on system audits like health, environment, energy, and investments.

Finally, providing advice to the Public Accounts Committee on issues and receiving input from them is another means of meeting expectations.

Going on to the next slide, 4, our second challenge is building and sustaining organizational capacity. This is very much a big issue for us. The demand for accountants with the right experience and the right talent is still there. In fact, even with the slowing economy it's still there. The turnover of staff in this year is lower than last year, but it's still about 15 per cent. Our inability to retain staff at the higher level, new managers or recently graduated CAs, has in fact been higher, at 25 per cent, for each of the last two years. So it's the loss of these managers, recent grads, and information technology auditors that particularly hurts the office as it requires us to use external services at a higher hourly charge-out rate.

Our third challenge is keeping pace with changes in our environment, particularly external changes we have little control over. We are and will remain for the foreseeable future subject to significant change in accounting and auditing standards from national and international organizations. Also, a very significant impact to our office has been in the area of new/revised programs, where restructuring of government increased ministries from 21 to 24. More significant to our office operations for this year and next has been our expanded audit role for the new Alberta Health Services. We are now auditing the entire health system.

2:05

On slide 6 we talk about our core businesses as identified in our business plan. Our first core business is assurance work, and 70 per cent of our office's total resources are used for that activity. The

challenge here is to be efficient, and we do that by, first, relying on internal controls of the organization and by matching our staff resources to the higher level risks.

Our second core business is system work. We target about 30 per cent of our office's total resources to this activity. A challenge here is to be efficient by listening to legislators and other sources to determine what should be audited. To focus our audits so we can manage expectations and objectives of our work is another way we have to be more efficient.

Slide 7 is a short slide to remind you that part of our accountability cycle that we're in is, of course, what we're doing today with our budget and business plan. We also provide you, as other departments do, with an annual report, actual results, analysis, and reporting of our progress at getting to our performance targets.

On slide 8 we're going to start to get into some of the numbers. This slide provides you with a four-year comparison of our office's performance, as mentioned in the beginning. We also want to update you on our fiscal position today and challenges we face, present our 2009-2010 budget estimates, where we have to deal with many of the same challenges, and the third is to have a policy discussion on the need to charge audit fees to public-sector entities. The next slides are basically going to deal with those three areas.

On this slide I just want to point out that in order for the office to achieve its business plan goals, it requires the requested resources of the last two columns in particular. Broken down by core business of assurance and system auditing, it identifies a forecast of \$22.4 million for this year and \$25 million in '09-10.

If we could move to slide 9, just as 14 other departments find themselves in the current year, 2008-2009, we are currently forecasting a request to you for a supplementary budget increase. The reason for the request can really be divided into two categories. The first one is unanticipated one-time costs, and second is ongoing structural costs.

Looking at unanticipated one-time costs, we've identified them by projects on the slide. The common theme here is that to ensure that a quality product is provided to the Legislature, we required costly external advice on complex areas like climate change and asset-backed commercial paper issues. The total in this area, then, comes to \$670,000.

On the next slide we get at the supplementary estimate request that deals with ongoing structural costs that we've been hit with. These are the decisions that were made in the current year and were not known when our budget was approved last year. Restructuring government by increasing the number of ministries from 21 to 24 has a direct impact on our office to the amount of about \$100,000.

Of even more significance, though, is the \$500,000 increase for '08-09 required by this office when we became the auditor for the entire Alberta Health Services. What happened there is that we've picked up three more regional health authorities and a significant audit of Calgary Lab Services. Part of the reason, also, for this request is that we've had to allocate our staff to cover these new responsibilities, and we had to contract out to more costly outside resources to fill the void of our allocated staff to the Health Services entity. The total ongoing structural cost is \$600,000.

When we turn to page 11, the table there shows that unanticipated one-time costs of \$670,000 and \$600,000 ongoing structural costs amount to about \$1.3 million. Of course, as these costs became known to us this year, we've tried to minimize the impact on our total office budget. By deferring projects and taking a hard look at discretionary costs, we plan to absorb \$520,000. Therefore, our supplementary request for '08-09 to you is for \$750,000.

Now, I'd like to turn and in the next slide kind of put this into context for you. I think it's very important to say that our supple-

mentary request represents about a 3 per cent overage on our current year's budget. Compared to prior years, we've been within about a 2 per cent band, and cumulatively we have actually returned funds in the amount of \$434,000 to the Legislature. I think it's important to put that in context.

Now, on page 13 we get at this current year and this next year ahead of us, the 2009-2010 budget. The discussion of our supplementary request that we just had is important because it provides an accurate picture of our budget request. Our revised budget now with supplementary request stands at \$22.5 million for '08-09, and we have a \$25.3 million budget request for the '09-10 fiscal year.

On the next slide, 14, this translates into an increase in operating expenses of 12 per cent, or approximately \$2.7 million. The ongoing challenges mentioned in our supplementary estimate request are also included in the challenges we face going forward.

Explanations for the \$2.7 million are in the next slide. This slide is a summary of the explanations. Under your second section there's actually a section that deals with the budget estimates and talks about variances and changes in more detail. But, overall, increases in our operating costs are very much related to the higher costs in obtaining professional auditing services both internally and externally. Internally a \$1 million, or 7 per cent, increase in our salary and wages and employer contributions directly relates to the government-wide settlement for the public service and merit service increases. A \$700,000, or 5 per cent, increase in our salary and wages and employer contributions is for the addition of six staff for the next coming year to meet the demands of our increased audit responsibility.

As we talked about, there are three areas. There's the increased audit work due to changing auditing standards, the restructuring of government going from 21 to 24, and the Alberta Health Services sector. By the way, having more OAG internal staff is cheaper than contracting out for more expensive external staff. For example, our overall staff cost on an hourly basis is 27 per cent cheaper than external rates, and when we look at more senior or specialized, the gap increases to 35 per cent.

Even with the increase in our FTEs in the next year, our agent costs will climb by about 15 per cent, or \$800,000, as a result of annual hourly rate increases from them and the fact that we must contract out more in external resources for the new Alberta Health Services.

Lastly, we have an 8 per cent increase of \$200,000 for other, which is essentially supplies and services like technology services, audit travel within the province, and a significant portion for depreciation, which is related to asset purchases made over the past years. This brings us to a total increase of \$2.7 million.

On the next slide as part of our budget we have a small component for capital, which represents less than 1 per cent of our budget. We've included \$140,000 increase for IT infrastructure technology to improve our security to meet GOA standards. We've got to practice what we preach, in other words.

On the next slide we get into the revenue, and this is the third item we want to discuss with you. Our budget also shows a significant reduction of 20 per cent in audit revenue fees to reflect that Health Services is mainly funded by the GRF. Then as is the practice and the policy set out by the standing committee, we have taken it out of the revenue line for the '09-10 year and the coming years. Remember, this is not the office's revenue but really is a flow through to government. Many other provincial audit offices do not bill for audits. We would ask the committee to review its policy to charge audit costs to other public-sector entities in that regard, then.

Upcoming reporting. I'm going to go very quickly for this so we can get into some questions. The first set you have, on slide 18, are

our follow-up audits. As you know, the office is required to follow up on past recommendations, if ministries have implemented or made progress on meeting them. The practice of the office is to allow about three years before we follow up on the recommendations. This is done to allow the departments the time to make progress on recommendations, particularly the more complex ones. The major follow-up audits for '09-10 dealing with recommendations made in the last three years will be food safety, reforestation, emergency preparedness, and drinking water quality.

I just quickly want to deal with the upcoming new reporting that we have ahead of us in 2009-2010. What we're looking at is education P3s on the recent school P3 contracts; climate change, assessing processes for large final emitters; the ATB core banking project to assess controls in the new banking system; workplace health and safety, assessing the compliance and examining the effectiveness of its programs; PSI program planning with advanced education to assess the system to plan, co-ordinate, monitor, and evaluate postsecondary education; and the Public Affairs Bureau, assessing the Public Affairs Bureau's contracting practices. Finally, the last three are electronic health records, water supply, and commercial vehicle safety.

That's about it. I hope that made it clear to you where we are for right now.

I'd just like to open it up, I guess, for questions, and we'll do our best to answer.

2:15

Mr. Dunn: Thank you, Jeff. What I'd asked Jeff to do was to make sure that we did not spend a long time on the material that we've already supplied to you, taking it that you've had the opportunity to read it, and thus we would just basically summarize it very quickly, looking to try and get into the meat of it by way of answering your questions.

The Chair: Thank you very much.

Mr. Horne.

Mr. Horne: Thank you, Mr. Chair. Mr. Dunn, a few questions, if I could, on systems audits. I guess the first just in terms of your budget request: is it possible for you to estimate what percentage of the overall increase would be driven by the systems audit portion of your work?

Mr. Dunn: If you could turn to the slide that Jeff went by very quickly, slide 8, you'll see there on the forecast the systems auditing. You can see the two aspects of it, assurance auditing and systems auditing. If you move to the right, you'll see the 2008-2009 forecast. It would be 26 per cent into the systems auditing and 74 per cent into the assurance auditing, which is, I think you understand well, the attest auditing: the financial statements, performance measures, and that.

Mr. Horne: Yes, I do, and I did see the figure. I guess I should have been a little more specific. Is that all-inclusive, then, of all your costs: overhead, salaries, everything?

Mr. Dunn: All costs, including external organizations. In both of those lines, the assurance and systems auditing, we do use external experts and assistance there; however, on the external experts we have more of them in the assurance auditing. It's just the volume of the work at the same time of the year. It's just impossible for a set number of individuals to cover all the March 31 year-end, so more of our external agents are in the assurance auditing, but some are in the systems auditing. But everything is in. It's all in.

Mr. Horne: Thank you. Just as a follow-up to that, could I ask you to talk a bit, Mr. Dunn, about, first of all, the volume of your activity that's devoted to system audits and how that might compare to other jurisdictions; also, if you could, a little bit about the nature of the systems audits that you're doing. There's quite a list here planned for the upcoming year.

Mr. Dunn: Right. I've been asked this question in previous meetings: how do you decide what you're going to do, and how much can you do at the end of the day? Compared to across the country, we're probably smaller as to a percentage but about the same as to the quantum as some other jurisdictions. The reason for that is that we have such a large coverage, scope, for all the assurance, or attest. What some of the other offices have done is move the focus of their office away from attest auditing and focus essentially or primarily on, their term, value-for-money or performance auditing; our term is systems auditing. They have turned more to that focus.

If I was to compare myself to Ontario, Ontario would be 50-50. Ontario would have 50 per cent assurance audit and 50 per cent value for money. The reason for that is that they just refuse to do the Crown corporations. So Ontario Hydro, those sorts of things: they just don't go and audit them. The same within Quebec. It would be more in the value for money in proportion. So in a comparison to others when they look at our results – and we do share these across the different offices – we would have a disproportionately high assurance auditing function or aspect.

Mr. Horne: Thank you.

Ms Blakeman: Slide 17. I'm not quite getting this, and I remember this from before. Essentially, you were able to charge for the audits that you did to certain entities – could you remind me who those were? – and now you can't. I'm assuming this has to do with . . .

Mr. Dunn: I'm sorry. I didn't want to cut you off, Laurie.

Ms Blakeman: Go ahead.

Mr. Dunn: The reason why we ended up charging the health regions – remember, although we were named under the legislation as the auditor for six of the nine health regions and AADAC and the Cancer Board, that type of thing, we were to engage external agents on the six regional health authorities that we were involved in. Thus, we had an oversight but not a direct involvement in it. In order to do that and make it comparable with all the other health regions, the choice made by the standing committee in prior years was for us to charge the agents' fees that we incurred in our budget back to the health authorities, so those that we were not involved in and had the direct audit relationship had a direct audit fee charged to them. They wanted the same fee going back to them.

For other entities that we charge audit fees to, that gets paid over to the minister of finance. Those are the self-sustaining entities, those entities that do not receive many, if any, grants from the public sector, from the GRF. Those will be the WCB, ATB, those self-funding organizations. We convert the fees that we incur for our doing the work over into a fee to them. Those entities pay that fee through to the province, to the minister of finance. It gets captured in our records. That's what Loulou does. She captures the bills out. When they're paid, it's shown as a revenue source, as a bottom-line entry in our statement.

Ms Blakeman: And now there are no health authorities, so this money is dot, dot, dot.

Mr. Dunn: Okay. Now that the health authorities are all under one – I think I might have mentioned it to the chair and the vice-chair when we were looking at the audit of our office. I met with the new superboard when it was first set up. Two questions: could you, would you? Could your office do the whole audit?

Ms Blakeman: They asked you.

Mr. Dunn: Yes. They asked me if I would have my office undertake the whole audit. To me that's the preferred thing to do, so my answer was yes, with the understanding that, obviously, we just couldn't provide the 13,000 to 14,000 hours, so I would have to agent out a portion of it but reporting directly to us, under supervision, so that there's consistency. We went through an RFP with external parties and then ended up choosing KPMG to do a substantive amount of work with us; in other words, associate with us. So we, between my office and KPMG, could do the 13,000 to 14,000 hours consistently across the province of Alberta.

With that, then, the second request was: is it necessary to continue to charge to the health authorities? My response was that I'd prefer not to have to go through the charging, but it is subject to approval by this committee. It falls under the section of our act which is called 11(b). Because the health authority at this point still is not yet defined as a provincial agency, it falls under the health act. We can be appointed the auditor, but it must be approved by this committee for us not to charge the fee back to the health authority. It would aggregate probably in the neighbourhood of a million and a half, a million seven for 13,000 to 14,000 hours charged back.

They await your decision. We hope we'll receive today the decision as to whether they have to include it in their budget, or it could just be absorbed here.

Ms Blakeman: Would it have been realistic? Was there any possibility that you would have said that, no, you wouldn't audit the superboard?

Mr. Dunn: I could have. It's, obviously, within our discretion. It's under 11(b). It's not by way of legislation or definition to say it doesn't automatically fall in, that we must be appointed. Very honestly, I thought the appropriate answer was: yes, we should be the auditor. We can bring more consistent skills, knowledge, understanding of the public sector, and there are a number of issues that that board is dealing with, that the whole health system is dealing with. There should be a consistent . . .

Ms Blakeman: But it's now costing. It's showing up in your budget. It's costing you.

Mr. Dunn: Well, what is showing up . . .

Ms Blakeman: You're having to pay for the agents' fees.

Mr. Dunn: . . . is the additional amount. Remember, for the six that we had engaged – Capital, Calgary, and that – those fees were charged to us, and we in turn passed it on. So I don't want anybody to be misled here. Those went there. It's the three additional ones.

Ms Blakeman: Okay. Thank you.

The Chair: Mr. Lukaszuk.

2:25

Mr. Lukaszuk: Thank you. And thank you, Mr. Auditor, for those answers.

Just a few questions. I'm looking at your sheet on your schedule of output costs. In the totals column I'm noticing that there is very little, if any, correlation between the budget of a ministry and the size of a ministry and the actual costs that you incur. Can you tell me how these costs are appropriated and how the auditing efforts are appropriated because it's definitely not based on the budget or the size of the ministry.

Mr. Dunn: Okay. Are you looking at the . . .

Mr. Lukaszuk: I'm looking at schedule 1. I'll just give you an example. The ministry of health, which obviously is the larger, has lower output costs, being at \$3.7 million, than the ministry of advanced education, which is showing here at \$4.4 million.

Mr. Dunn: Okay. The ministry of advanced education includes all the postsecondary institutions as well as the ministry and department. In the ministry of advanced education you've got the four universities; obviously, the large ones are Alberta and Calgary. You've got the two technical institutes, and you have quite a number of stand-alone entities which have their own systems and people and processes. So that includes them.

In health, though, in the past there were the six regions and then the ministry and the department. Now, in fairness, what we did not do in the health authorities was any systems audit. So if you look at the column on systems auditing and you see in health where there is some systems auditing, that was always restricted to the ministry, department level, and that was on matters that you might be more familiar with, around the funding formulas and some of those other ones. Food safety came into health, some of that there, too.

Mr. Lukaszuk: What you're saying makes sense, but then I still see a horrendous difference, for example, between Service Alberta, which I think we would agree is a relatively small ministry, and Infrastructure. Service Alberta is at \$1.2 million, and Infrastructure is at \$0.2 million. I guess my question is: how are these ministries targeted, and how are your office's efforts and expenses targeted towards those ministries?

Mr. Dunn: First of all, in Service Alberta you have to look at the two components. The assurance auditing isn't that difficult in Service Alberta for its financial statement reporting, but what is important is what we do as a centralized security review as to where Service Alberta provides the services to all the other ministries. So we take a centralized audit of the government as a whole regarding the Imagis, you know, the common financial reporting framework. The common financial reporting framework runs through Service Alberta. We centralize that audit, that component, that part of it.

The other part that went through there under the systems auditing was the in-depth review that we did around the integrity of the securities that were there. We did those three very large audits, that did receive some media attention, around the ability for them to protect the data for the departments that relied on it and for individuals, that sort of thing.

Mr. Lukaszuk: Two shorter questions. One, your travel budget. You are using a lot of agency services. Is that all intraprovincial travel, within Alberta travel, or a majority of it?

My second one. You highlighted at the beginning your satisfaction survey that you did of MLAs, and you quote 94 per cent. What was the actual number of MLAs participating in that satisfaction survey?

Mr. Dunn: First of all, the travel. Loulou, you may have some in-depth. It's virtually all within Alberta but not limited to it because we are members of some of the Canada-wide things. When we go to the CCPAC, CCOLA meetings, obviously there is some travel outside the province. Do we do any international travel? I don't think there is any international, but certainly there is an element of interjurisdictional travel or some of that. But the vast majority of the travel is going to the various organizations and boards throughout Alberta, whether it's in the Peace for the colleges and the health authorities up there or Medicine Hat, Lethbridge, and all that.

Regarding the response to the survey, I believe it was 32 out of the 83, so about 40 per cent, of the MLAs. This was the first time we surveyed the MLAs. In fairness, we tried to have some encouragement to get some response to it, but we did have 32 MLAs participate in it.

Mr. Lukaszuk: Thank you. Those are all my questions.

The Chair: Okay. Just for the record, committee member Mr. MacDonald has joined us.

Mr. Lund.

Mr. Lund: Thanks. Thanks very much for the overview. I'm curious about the '09-10 budget on page 9: what would you be doing with climate change to be spending a hundred thousand dollars?

Mr. Dunn: Climate change had two aspects to it. The first portion we reported in October. The second portion, which we always wanted to get involved in and ended up having delayed or deferred, was the 100 largest emitters. Remember, we do have new legislation, and there are the 100 largest emitters who have to report to the department. First and foremost, it was their base and then, secondly, what has transpired. You might remember that we were not able to provide an opinion on the fund where the \$15 per tonne is paid in. We were not able to provide an opinion on that because the department didn't have their system set up in order to ensure that the 100 largest respondents had submitted what they were to submit, whether you pay the \$15, get your eligible offset and credit, that type of thing.

What we've been doing now is working with the department and those organizations to ensure that they are getting their data into the department and, secondly, that the department can rely on it. So we're working with the auditors of those other organizations to ensure that they know their responsibilities and how to make sure you audit something which is not typical for auditors: greenhouse gas emissions. We haven't had the criteria and the robustness of standards and approaches in the past, so we had to work with various organizations through the department to ensure that what the department was receiving was credible and reasonable information. That work has been ongoing, and we're hopeful that we'll be finished by the end of the calendar year or early in the '09 year. Thus, we can provide an opinion, actually, on the March 31, '08, climate change fund and are prepared, therefore, in the future to be able to work with the department on the March '09 fund.

Mr. Lund: Quite frankly, that's disappointing that the department couldn't go and hire experts in the field because I'm sure you don't have those experts in your house either.

Mr. Dunn: We had to hire. But remember what we're doing: we're auditing to ensure that the department has the systems by which it can confirm to you that the information they're providing is reliable. So we're auditing their systems by which they're going to capture the amounts, the dollars, and the reporting to you.

The largest emitters, well, as you would expect, are sophisticated, big organizations. They have auditors, but it isn't an easy thing for an accountant or an engineer – those are the two that are qualified under the legislation – to start to report greenhouse gas emissions against a baseline and then ensure that the regulator, the department, has received its appropriate information.

Mr. Lund: Then looking at some of the upcoming reporting that you've got, once again, I guess, I really have some difficulty with some of these things, like the water supply. Well, it says, "Examine systems to plan, supply, estimate demand, distribute water licences, monitor and enforce water usage." The Department of Environment is not capable of doing that?

Mr. Dunn: I didn't say that they were not capable, but we're going to examine the systems by which they ensure they are capable. When we looked at the topic of water initially, we broke it into two aspects, which we reported earlier on. The first one we looked at with the department was not just, "How much have you got?" but "Is it useful water, and is it in the right location?" That's why we broke it down.

2:35

We looked, first of all, at the quality of water. We looked at about 80 per cent of Alberta – we couldn't look at all of it; you can't examine wells on individuals' property, and we were not involved, obviously, in aboriginal reserves, that type of thing – to the extent that there is water supplied from various utilities, municipalities to all the rest of Albertans to make sure that there is proper assessment and systems there.

We always intended to look at the system the department has to support their Water for Life mission. How do you know the water is there in the volumes that people expect are going to be there, sustainable for agriculture, industry, and individuals? Where is the water, what's the encroachment on the water, and how are these things being understood? So it's not that we say they don't have systems. What we want to do is look at the systems that they say they have that support the determinations that they provide to you.

Mr. Horne: Just on this point, Mr. Dunn. Following through on my earlier questions regarding systems audits, then, and again remembering that we're here to talk about your budget and your supplementary request, if I were to look in other jurisdictions across the country, I could find comparable systems audits to the ones that you've just described following similar methodology and done under the auspices of similar standards. I guess that would be my second question. I'm not sure what standards apply here, whether they're generally accepted auditing standards, specific public-sector standards, or some of your own development.

Mr. Dunn: Right. Okay. Regarding the topic, one of the sources by which we identify areas that we could go to is what's being done in other jurisdictions. We have a few joint audits that we will be doing with other jurisdictions, but for the most part it's up to us to decide what we want to audit and look at. You could find some similarity with other jurisdictions, but it's not necessarily that you'll find an exact parallel, that everybody is doing water, everybody is doing driver safety, everybody is doing that. We tend to look at what might be more important to the jurisdiction that we're each responsible for.

Regarding the latter point as to approaches, yeah, there's a lot of commonality that we have. In fact, what we're doing is learning from each other, so there are standards within the public-sector

section, you know, of the auditing handbook. There are some standards there, but more so it's the working with each other and learning from each other as to how these approaches should be done.

Mr. Horne: Thank you. Just to clarify, that's quite different from an assurance audit – am I correct? – where the standards are codified and the same for all.

Mr. Dunn: Yes. Well, I don't want to say that there's no codification, but they are less rigorous, less robust. I sit on the assurance standards board. In fact, I'm going to Toronto tomorrow for the next few days to talk about that. That's exactly one of the areas where we're trying to get them to be a little more comprehensive.

Mr. Horne: Thank you.

Mr. Lund: Continuing, you've got reforestation down as an item. I'm really curious: what would you be doing there?

Mr. Dunn: Okay. You might remember that we looked at reforestation. I'm not sure if either Jeff or Loulou can remember, but I think it was two, maybe three years ago. There was an awful lot of discussion around: where's our forestry going to be in 40 to 50 years? There were a couple of concerns. The original work that we did was prior to the land-use framework coming out, but the land-use framework was under discussion. There were a lot of concerns about the footprint of industry, primarily the oil and gas industry, which is not required to reforest, as to what impact that could have.

We looked at reforestation for the department at that time and reported on that. We made a number of recommendations about the propensity for industry to reforest in times of economic uncertainty. Would they keep up their obligation? Also, can the department measure, be assured that the reforestation did take place and make sure that it is taking hold, et cetera? We did all that a few years ago. What we're now going to do is follow up on the implementation of those recommendations. We've been advised by the department that they believe they've addressed all the recommendations and that when we go back in to do the follow-up, we should be able to see that those recommendations made at that time, accepted by the government, have been implemented successfully.

Mr. Lund: Some like the P3s, and, you know, when I was Minister of Infrastructure, I tried to get you involved – but you were smarter than me, and you didn't – because I had some questions that I wanted your opinion on up front.

Mr. Dunn: Right. Yeah.

Mr. Lund: I can understand that.

Mr. Dunn: Just to help you before you go on with your question. We did the examination of P3s in '04-05. Those of you who were around at that time might remember that P3 report. It was a fairly extensive one. That was around the Calgary courthouse – P3, not P3; \$400 million, \$800 million – when people got involved in a discussion about original cost of construction versus the life cycle of the whole building and the maintenance of it. It was also the start of the Anthony Henday. At that time we had examined the P3 topic concept and looked at in that report, first of all, what we called demystifying P3s. That was the first element of the report. The second element dealt with the Calgary courthouse and the Anthony Henday. So that's what we had done at that time.

We were going to follow the similar approach in looking at the 18 new schools which are going out now through another department,

the Department of Education: prudent, successful, achieving its objectives.

Mr. Lund: Well, I guess you won't be surprised because you're working with the numbers all the time as well that with the way the economy is going and the way our income is going, a number of departments have been asked to keep their budget to a 3 per cent increase. So I guess that's part of the reason I was looking at some of these, really, really questioning in my mind how you would prioritize if you didn't get – what is it? – the 12 per cent or something that you're asking for.

Mr. Dunn: Right. Do you want me to answer that?

Mr. Lund: Yes, I do, please.

Mr. Dunn: I didn't know if there was going to be a question coming out of that or not.

Mr. Lund: It is a question.

Mr. Dunn: I believe that, as Jeff has already explained, 90 per cent of our budget is people. If you don't have sufficient resources for the people, you just have to do less.

Bluntly, we could choose, similar to other jurisdictions, not to audit some organizations. An easy one might be the Alberta health system. We can just say: well, go hire your own auditor. Now they have to go pay for it. They may not get what we like to think is the same depth and coverage, and they would have to pay the private-sector fees. We'd like to think we have negotiated well on that part. We could do less. That was the Ontario approach: just have others do the work. They don't do the workers' compensation board. They don't do the Crowns and that. They just do less of that.

Or we could do less of the systems, the value-for-money auditing. Yes, we do have that within our discretion. It's hard to halt it right away with some of those things that are under way. What that means is that we are therefore not going to serve what we understand to be the needs of the Legislative Assembly. In the systems audit we have been encouraged at the most senior levels within the bureaucracy to do the follow-ups. The reason is that the bureaucracy sees it as the value from which they gain the assurance that they can hold management to account to implement the recommendations.

I've mentioned it before at other meetings, you know, that auditors can make all the recommendations, but they're not much use if nobody does anything with them. If you don't implement the recommendations, you haven't achieved anything. I believe that both you and the chair understand the disproportionate number of recommendations made by this office that get accepted by the government. Then, when accepted by the government, they want assurance that they're actually being worked on. We report within our performance measures that 90-something per cent of the recommendations made have been accepted by the bureaucracy and are being worked on to achieve them. In other jurisdictions – and I've mentioned to you the federal Auditor General – it's approximately 40 per cent. So you have a choice. Do you want to hold management to account to do it? Then who's going to come in and make sure they've done it right and successfully? Or do you want to just allow the issue to languish and possibly come back five years later and 10 years later and continue to be a situation that you have to deal with?

2:45

We agreed in the past, with the previous bureaucracy, that we would look to a three-year time frame, not instantaneous but a three-

year, reasonable time frame, for those recommendations that are important and that it's agreed should be implemented. Therefore, we're going to do the follow-up within the three years to report back to you, principally the Public Accounts Committee, that those recommendations have been successfully implemented.

Mr. Lund: Just quickly, I was hoping that your prioritization would be where you could assist us and the bureaucracy in making sure that the money that's spent is doing what it was designed to do, where the biggest bang for the buck is, in other words. Going out and asking about forestry, for example. I've got no idea how many dollars that would take to go and see. The fact is – and I know this from experience – that the department is really leaning heavily on industry to do what is recommended in your recommendations. Whether it's looked at now or three years from now, I'm not sure that it's going to make a lot of difference at the end of the day. Doing a complete audit on the health care system and some other agencies: there's where the big bucks lie.

Mr. Dunn: Again, maybe I can just supplement for others of you who are familiar with how Alberta reports. Alberta is somewhat unique because it has quite a robust performance measures system. Those of you who have served on Public Accounts know the annual reports, know that you've got performance measures and targets and that, and you see that we do provide a reporting on that. Then, of course, you're familiar with Measuring Up that Alberta has for the province as a whole, and we provide an opinion on that. The process in Alberta is much more mature than in any other jurisdiction. In total we spend about 12,000 person-hours doing that work.

I have approached Treasury Board, knowing that I'm suffering the problem of not just the dollars but also how I get the people to do all that. What if we chose not to do that? Could we not do that? We're not mandated in legislation. We're legislated to do a financial statement audit. This is in addition. Could we just stop doing that? They say that us going around and looking at all ministries, departments, boards, and agencies gives them great comfort that there's a common approach, that those things are reliable, that there are systems and people underneath them.

If I had to do my cut, I'd start with that. Just stop that. That's 12,000 person-hours – I can rapidly do that because it comes up in March, very shortly – redeploy those resources back into ones where, hopefully, what we would then achieve for you, Ty, is to make sure that we still stay focused on efficiency, effectiveness, and economy.

The Chair: Mr. MacDonald.

Mr. MacDonald: Yes. Thank you very much, Mr. Chairman. We are having this discussion this afternoon on supplementary estimates for the Auditor General's office, and it is interesting to note that earlier today there was a three-year deal signed with physicians. The details are yet to be worked out, but there was a substantially large amount – and I don't have any problem with it – a half a billion dollar increase over three years in physicians' compensation. It's a lot more than the 3 per cent which Mr. Lund has been emphasizing here today.

At the same time, if we look at the increased spending by government, Mr. Chairman, it's 23 per cent above the national average on a per capita basis, I'm told by our finance critic. In my time here, if I could quickly sum this up, since I've been elected, the provincial budget has increased from \$14 billion to \$40 billion. The Auditor General, I think, with the amount that we're giving him from one year to the next is doing an excellent job. I see absolutely

nothing out of the ordinary. This is not an extraordinary request to get his job done. I think he's been doing his job very well, and I think this committee, through the legislative process, needs to support him.

In conclusion, I would remind the committee when we look at this request and consider it that we just looked at supplementary estimates in the House for an amount of \$80 million for transitional costs for the Alberta Health Services Board and \$97 million for debt reduction for various health authorities. I think it's a very good, wise, prudent use of taxpayers' money to have this whole process looked at and examined by the Auditor General and his staff.

Thank you.

The Chair: So do you have a question for the Auditor General?

Mr. MacDonald: No.

The Chair: This is probably the next step in our debate, actually, item (f). You've moved ahead of us a little bit.

Mr. Dunn: Maybe I could just also supplement. I respect all MLAs from all parties and the work that you do, not just to say nice things to each other. But we are facing some challenges in the future. The economy hasn't been all that beneficial to us. Certainly, we are very conscious of what's happening within the pension funds. We're having lots of ongoing debate there. AIMCo is a new Crown corporation, so I have to go meet with that board and work with it. It is now a \$70 billion entity, down quite a bit. There are some significant investments in there and some significant challenges to audit those things.

We had some lengthy discussions and analysis around ABCPs, primarily in the bank but also within the two large universities. I believe it's my responsibility to ensure that we oversee or look at those sorts of things – are the right people in place to be able to make those sorts of investments and that? – and bring along the knowledge that we've learned from other ones to make sure others can avoid that.

As much as we talked about the government going from 21 to 24 ministries, the government also developed other entities along the way that come within those. So we're now going to have a new tourism Crown corporation that will come up, which will want to be audited. If I may, in comparison to my private-sector days, I used to go out looking for clients. Here they come at you in waves, with the expectation that you'll do a thorough, comprehensive, complete audit of the financial statements, of the performance measures, and, where available or it's important to do so, look at critical systems. Even a small entity such as the Alberta Securities Commission had a very important system by which it actually administered its act fairly across the public companies. We just have to look at those things.

On occasion some people say: what keeps you awake at night? There are a lot of things out there that I still haven't had a chance to go look at and would like to do on behalf of the Legislative Assembly.

The Chair: Mr. MacDonald, do you have a question for the Auditor General?

Mr. MacDonald: Yes, I do, and I'll be more direct this time. I apologize, Mr. Chair.

Mr. Dunn, you're requesting here \$40,000 for one-time costs regarding the asset-backed commercial paper. I've forgotten: how much has the ATB set aside for losses to date, and how much do they have left in that asset-backed commercial paper file?

The Chair: We're delving into the whole idea rather than the budget and the point that the Auditor General made on one of the items that he plans to look at. I'm not sure whether you have any desire to go into any detail on what the audit is going to look like if and when you do it.

2:55

Mr. MacDonald: I'm not asking him that. I'm asking him: how much have we lost to date? This is an important matter. This money is guaranteed by the taxpayers.

Mr. Dunn: If I can only answer, because it was discussed at Public Accounts. ATB did appear before Public Accounts. Indeed, the aggregate dollars that were involved was \$1.1 billion.

Mr. Elniski: It's not a line item.

Mr. Dunn: Well, I know, but just in fairness. The aggregate provisions will be announced very shortly in ATB's quarterly, but in the past it was \$253 million.

Ms Blakeman: It's out \$55 million more.

Mr. Dunn: Okay. That's now public because I just signed the report this afternoon. So it's now public, \$55 million more.

Mr. MacDonald: Mr. Chair, if I may, how much more does the Treasury Branch hold?

Mr. Dunn: Well, \$1.1 billion take away \$300 million.

The Chair: I think that probably wraps up our questions, Mr. Dunn. I'd like to thank you and Mr. Olson and Ms Eng for being here today. Just to let you know, we'll be providing decisions on the budgets to be sent out within the next week.

Mr. Dunn: Okay. Mr. Chairman, through you and to all committee members, we appreciate it very much. We make the same offer to all MLAs, that if there's a question, give us a call. We'd be more than happy to try and answer the questions that you have for us.

Thank you.

The Chair: Thank you.

We'll take a five-minute break, and then we'll come back to item (f), the decisions on the estimates.

[The committee adjourned from 2:57 p.m. to 3 p.m.]

The Chair: I think, ladies and gentlemen, that we'll go back online now. We've had a fairly long day today, and we've got a few items to go yet, so if you'll indulge, I think we'll get right to it.

Of course, the first item is actually the decisions on the officers' 2009-2010 budget estimates. I think that it's probably best if we do them as they were presented and start with the Ombudsman. Any comments on that? There were some things mentioned, I might add. First off, I'll just throw this out as food for thought. What would happen if the budget was held to 3 per cent? Eighty-three per cent is human resources; 8 per cent is required to break even. The Ombudsman mentioned this. The result possibly could be a layoff of staff. Those were his comments, and he compared the amount of staff that his office has to Saskatchewan's and B.C.'s

Any comments?

Mr. Lukaszuk: I'm not sure if everybody will share these comments with me, but one area we identified pretty well in all offices – if not all, most offices – is that their IT costs were just phenomenal. So if there was any cut in a budget, I hope that it would not result instantly in eliminating staff but seriously reconsidering their spending habits in those high-expense areas. Layoff of staff, I suggest, should be the last option available.

The Chair: Mr. MacDonald.

Mr. MacDonald: Yes. I listened with interest to the discussions earlier on IT and the cost of it. I would just like to point out to the committee that I did some research. It wasn't specifically with the office of the Ombudsman. I believe that the Ethics Commissioner and the delegation from that office in their presentation mentioned Compugen. Just for the benefit of the members, in the fiscal year 2007-2008, ended March 31, for supplies and services, capital assets, and others listed Compugen billed or invoiced the provincial government \$7.6 million for their services to various departments, including one office of the Legislative Assembly. There were some significant amounts spent by various departments. I hope that puts their work with the entire government in perspective. Some of these amounts that we're talking about with the legislative offices are very, very small whenever you look at this budget.

If we look at IBM, for instance, what they would be providing in services to this government and getting paid for is well in excess of a hundred million dollars. I'll just provide that. IBM invoiced for \$105 million. I don't know if that's all for information technology or not. Microsoft has \$15 million in licensing arrangements with the province, with the different departments. There are two divisions of Microsoft. This is in the public accounts.

There's a lot of money being spent by the government other than these legislative offices. Now, I don't know if it's spent wisely or if we're overspending on IT, but I hope this puts it in perspective because the requests that have been made here today, after I look at these numbers, are not extraordinary amounts.

Thank you.

The Chair: Yes, you're quite right. Certainly, as all of them mentioned, most of their budgets were for human resources as opposed to IT. That's correct. At the same time, to answer your point, we've got to remember that most of the offices here, too, do require specialized IT, and some of those don't speak to each other. Some of them can't.

In the meantime, if we can get back to the Ombudsman's budget and the discussion we had about that.

Mr. Horne: I just have a clarification question, Mr. Chair, and then I've got a comment on this particular budget. Are you inviting a discussion on a line-by-line basis of these, or is it your direction to have a discussion on the overall? The latter is my understanding.

The Chair: My point was the latter, but if you wish to go line by line, you certainly can.

Mr. Horne: No, I'm not suggesting that we do, and I don't think that we can. Mr. Lukaszuk makes a good point. I think we're not going to solve it by comparing to government of Alberta expenditures on similar lines, and we're not going to solve it by attempting to analyze each individual budget without the background information.

What I propose is this. In terms of not just IT but all corporate services – human resource management, financial administration,

and IT as well – basically, what I would be looking for as a member of the committee is either evidence from all of the officers collectively that they've examined areas where they can share those services and what sort of economies of scale they can achieve or, perhaps, if it was appropriate at some point, a recommendation directly from the committee that they do so. I think that will help us answer this question next year on a more informed basis. I don't think we have the information to assess it now.

The Chair: Okay. Thank you, Mr. Horne.

The way I see it, I think we probably have three options here. The first is to approve the budget as presented. The second option is to approve a budget in the amount of 3 per cent over the '08-09 budget or approve a budget for an X amount somewhere in the middle. Am I correct?

Ms Blakeman: Well, you've made three proposals. I don't understand what the third proposal would be based on other than trying to come up with a number halfway in between.

The Chair: I'm sorry. I didn't mean halfway in between. What I meant is that as we heard all the presentations, perhaps there's some point in there that someone may be talking about, that these are the items that should be on this, and perhaps this one line should not be there. I don't propose to go line by line on whether they should or shouldn't. We all had the information in front of us, we've all gone through it, and we've heard all the discussion, so I'd just pose those three options for everyone here. I'd just invite any comments on them.

Mr. Lund: Well, when we talked to him today, he indicated that there were a number of things, of course, new things, that he would like to do. Really, in answer to the question of what effect it would have, he said that it could slow things down but that as far as having a big lineup, a backup, no, he didn't feel that that was going to happen. I would prefer that we stick with the 3 per cent. I think they can do a good job with that.

There are always the nice-to-haves, but if we don't stick with it – as far as these budgets being small so therefore we can be overgenerous, I don't agree with that. That's the way it is with departments. You get line items that look small, and you go through about 20 of them, and all of a sudden you've got a fairly big number. I would prefer on this one that we stay with the 3 per cent.

Mr. Bhullar: I concur with my colleague. I think we should stay with the 3 per cent. I would hope that that does not result in anyone being laid off. I don't recall if the Ombudsman said whether he was looking to hire. If he needed this additional money, was he looking to hire?

3:10

The Chair: One additional. He said it may result in a layoff because he had to have 8 per cent to break even. Those were his comments.

Mr. Bhullar: Well, you know, I see a significant jump in travel expenses. I would hope that that would be reduced. I see an \$8,000 increase in advertising. I would hope that that could be reduced. Technology comes up once again, about a \$25,000 increase. I hope that all of those other avenues would be considered before anybody would be laid off. I think we should hold at 3 per cent.

Mr. Elniski: I do concur, but the caveat I have is that if we have, in fact – and I've heard the numbers go from 4.3 per cent to 7 per cent

with regard to the upload for the collective agreement and some of the compensation issues that are out there.

Ms Blakeman: Yeah. Including the merit.

Mr. Elniski: So is that 7 per cent with the merit?

Ms Blakeman: Yeah. It said 4.3 per cent plus the merit. There's a range in that merit, but we were hearing people on the lower range of the merit. So, yes, 7 per cent.

Mr. Elniski: Yeah. Okay.

I don't want to handicap anyone, certainly, but my thought would be, then, that if they get what they need on the forecasted increase for comp so that they can afford to pay the personnel that they have – actually, I don't know what the number would be – then I would see that we could go with 3 per cent on the balance. If you calculated it, you'd wind up with whatever it works out to, let's say, a 7 per cent increase on their own line forecast number and then 3 per cent on the remainder of the budget, all the minutiae budget.

Ms Blakeman: You're saying: give them the cost they're going to have to spend on the personnel, cost and benefits, and then 3 per cent on their regular expense line.

Mr. Elniski: Yeah, 3 per cent on everything else.

Mr. Bhullar: Well, on this point, Mr. Chair, I would say: yes, give them the cost for the staff, but don't give 3 per cent for everything else then. The people aspect of this is the most important, in my opinion.

Ms Blakeman: Then what are they supposed to do? There's inflation out there. All of the rest of these supplies are going to cost them more money. They're going to end up reducing off of the personnel.

Mr. Bhullar: I don't necessarily agree. In my own experience I've seen a reduction in costs lately for everything from printing to gas, as you know. So I honestly believe that there are savings to be had in this next fiscal year.

Ms Blakeman: My other question is: do we know this? You guys are all in the government. Is that actually what the government's going to do: have 3 per cent? Then I can see why we're applying it to the budget going forward. But I don't want to see where this committee ends up holding these legislative officers to 3 per cent and then find out that the government goes ahead and has a 7 per cent increase in their budget. How is that fair? I mean, in most cases what these people are trying to do is achieve legislated mandates, so it's not as though they're dreaming this stuff out of thin air. They're trying to accomplish the legislation that we the legislators set in front of them. What's the deal with the 3 per cent, guys? Is this on the books, or what?

Mr. Lund: Well, Mr. Chairman, you and I were instructed to get these at 3 per cent.

Ms Blakeman: Who instructed you?

Mr. Lund: I'm not in Treasury, and I don't think anybody in this room is in Treasury. I don't know, but what we were told is that the department . . .

Ms Blakeman: Who's we? I'm sorry. Like, who instructed you to do this?

Mr. Lund: It's an instruction that came from the chairman of the board.

Mr. Bhullar: Mr. Chair, with all due respect, I don't think that that's information privy to anybody around this table.

Ms Blakeman: Well, then how can we be making a decision on the rest of these budgets using that as a figure?

Mr. Bhullar: Because we are in very uncertain times, and we now must come to a very reasonable number based on what's been happening around us.

The Chair: If I can share a little bit here.

Ms Blakeman: I'd appreciate that. It's been mentioned a number of times on the record that you guys have been given instructions by somebody to hold this to 3 per cent.

The Chair: No. All the government has said is that they should be looking at 3 per cent for this coming year. The reason for that is, of course, the economic downturn, for sure, that has happened here. Lookit, guys, you know, the only way we're going to be able to make this thing work – and not just these offices; you're looking at the entire government – let's look at 3 per cent. We should try and achieve 3 per cent. That's where that comes from.

Ms Blakeman: So these are instructions from the Treasury Board or from the government to you as the chair and the vice-chair of this all-party standing committee.

The Chair: Well, I think all the government departments got that same message.

Ms Blakeman: Then is this a government department?

The Chair: And I got it as well.

Ms Blakeman: Okay.

The Chair: Along with all the other committees, I'm sure.

Ms Blakeman: Okay. So this isn't an all-party standing committee. This is a committee of the government.

The Chair: Now, hang on.

Ms Blakeman: Well, guys, you dug yourselves in.

The Chair: Okay. Fine. No, that's just fine. No, it's an all-party standing committee, but at the same time, then, what is your suggestion? Should it be 4? Should it be 5? Should it be 7? Should it be one of the options that I gave? I just threw this out. There are three people that have given the 3 per cent suggestion. What is your suggestion?

Ms Blakeman: I was trying to clarify where this 3 per cent came from, and now I have it clarified.

The Chair: Okay. So do you have an alternative?

Ms Blakeman: I think it's on a case-by-case basis, depending on which one we're talking about.

The Chair: Okay.

Ms Blakeman: Because I think in some cases they have requirements they have to fulfill.

The Chair: Okay.

Mr. Lukaszuk: I was in 15 minutes ago.

The Chair: Mr. Lukaszuk.

Mr. Lukaszuk: Thank you. Well, I'm a little surprised, Mr. Chair. If you have been instructed by anybody, you certainly haven't communicated it to me. I haven't been instructed by anybody to hold it to any particular percentage; 3 is as arbitrary to me as 4 or 7 by Mr. Elniski.

I think it's within the purview of this committee to make that decision based on the merit of the presentations that we have heard, and we have heard five of them. I'm not married to any particular number, and I'm willing to be convinced any way. But let's not use 3. Let's not use 7. Let's use 4. My question is this: is any number that you pick a reasonable request at this point in time when, as Mr. Lund has indicated, our financial future is questionable to say the least?

My other concern also – and it's something I was looking at every time I was listening to the individual presentations – is their past budget increases. I wasn't sitting on this committee, so maybe those of you who were can fill me in. But this committee has given them some pretty generous budget increases in the past, you know, in the range of up to 15 per cent for some of the offices. If we were to be skimpy on the budgetary increase, you know, I would not have any adverse position to that because their past budgetary increases have been significant; I would say unusually significant. Maybe that is something that would be perceived by each office as a hardship, but the increases were robust.

If it's 3 or if it's 4, I would be on the bottom prong of the increase, definitely not anywhere near that 7. I firmly believe that there are economies of scale to be realized, and they won't be realized if subsequent budgets get approved at the number requested. If there is a motion on the floor that it be 3, I'll support 3 or something not much above it, but definitely not the requested amount.

In my opinion, Mr. Chairman, option one is not an option. I would stick to option two or three, be it 3 per cent or another figure but nowhere near 7.

3:20

The Chair: Mr. Horne, then Mr. MacDonald.

Mr. Horne: Thank you, Mr. Chair. I think that the decision that the committee is faced with is whether it wants to take into account its prediction of the impact of the economic downturn. Although, you know, I haven't received any instructions, when I first heard 3 per cent, I assumed that that was offered in respect of the estimated inflation rate.

For purposes of this discussion if it's going to be constructive under any circumstances, we have to first of all make the decision whether we want to consider the state of the economy and, if we do so, whether we want to look at each budget in the context of some percentage increase that we feel may be reasonable or manageable under those circumstances. The only alternative, it would seem to

me, Mr. Chairman, would be to review on a case-by-case basis, and I'm prepared to go that route as well. What I'm not prepared to do is entertain the sort of discussion that we've had for the last 10 minutes. With nine minutes remaining in the meeting, I'm not sure we're making a lot of progress. The choice to me seems clear: are we going to deal with everything on the same basis, or are we going to go one by one?

The Chair: The end of the meeting is 4 o'clock.

Mr. Horne: Four o'clock? I'm sorry.

The Chair: Also, just before I move on now, I've asked Karen to read an excerpt here from *Hansard*.

Mrs. Sawchuk: Thank you, Mr. Chair. This is just kind of indicative of what this committee has done with previous budget proposals before them. I picked 2005 only because I remembered that year. It was the budget of the Ombudsman. His budget proposal was for \$2,380,000 and change, and the motion that was put on the table was for \$2,326,000. The request was for 6 per cent. The committee ultimately approved 4. They went through right after this, and approved two other budgets as applied for, then a further reduction was for the office of the Information and Privacy Commissioner. It was for an increase of 15 per cent, and they increased it, again, by 4. It was not applied equally for all. It had to do with the submissions that were brought before the committee.

The Chair: Exactly. Okay.

Mr. MacDonald: Mr. Chairman, regarding the Ombudsman's budget I would like to point out that he did state that there was a \$15,000 surplus from last year. I think we have to be careful – and I would remind the hon. Member for Edmonton-Castle Downs that we have to be very careful – when comparing budgets here for the last three years. There has been significant effort made at considerable public expense to compensate many of the individuals who work in various offices in the government and in the offices of the legislative officers. I don't think that's fair to point out that, you know, they may have received significant increases in the last number of years. The employment rates in this province were very, very low, and to retain and recruit new people you had to pay them.

I would be very interested to know what the committee thinks of what the Ombudsman's targets are for the next two years in light of the uncertain economic times we're in. He's anticipating a cost of operations in excess of \$4 million. In light of what Mrs. Sawchuk has instructed us, a few years ago it was \$2 million. That would be reason for me to be concerned. Like Mr. Horne, I have no idea what next year is going to bring us economically. I know what it is now. He did have a \$15,000 surplus last year only. I think he or any of the other officers, if they have money, always return it.

Thank you.

The Chair: Okay.

Mr. Elniski.

Mr. Elniski: Thank you. Just to put this in perspective for you, on the Ombudsman, if we go with his projection for his forecast at the end of the year – this year at \$2.3 million – he needs \$137,000 in this budget to break even going forward to next year, which again works out to about that 7 per cent. That's based on what he's telling me here about at 7.2 per cent for the public service collective agreement. That's to meet his base obligations.

So whatever percentage that works out to be, I don't know and I don't care because that's an obligation that's imposed on him. He can manage the rest of his budget however he sees fit. If we choose to zero him, I think that's fine, but that's kind of in my mind the minimum number that he needs to move forward in order to meet his obligations, assuming that we're not saying that staff reduction is okay. I don't have any mandate or direction that tells me that we're doing anything with personnel other than the status quo. They're all going to come back and say the same thing, right? The first thing is cuts.

Mr. Bhullar: What was that amount?

Mr. Elniski: It's \$137,000. His cost of operations, line 1, 7.2 per cent. You could throw his benefits money on top of that if you wanted to. I think he's kind of given us the answer to the question there. I mean, those two items there are his absolute minimum, fixed.

Mr. Lukaszuk: I know where Mr. MacDonald is coming from with his comments. You know, we agree on issues from time to time, but I thought this would be one that we would agree on because you've been reminding government to be fiscally prudent and conservative and not to spend money and to save money. This committee meeting could be sort of pivotal because this could be one of the first occasions where we have to make a financial budgetary decision because the Legislature is not going through budgets for another few months. So this is probably the first meeting of many, many, many to come that we will be engaging in where we have to make a decision on a budget under the new realities, under oil being under \$50. The list goes on and on.

In view of what you have been saying – and when I say “you,” I don't mean only you. The opposition has been saying it through question periods over the last few weeks. In view of what I agree with, that we now have to tighten our belts and be prudent and find efficiencies within departments and perhaps even prioritize some of our programs – and looking at the budgets, there are things that would be nice to have, and for sure none of that money would be wasted – now comes the time to make a tough decision and say: no, you will have to work within a given budget. So now it's your chance and our chance to make good on what we've been preaching and make a tough decision.

It's up to each individual office, as it will be up to each individual minister in a few months, to make a decision on what he does with the same budget as last year or an even lower budget than last year and what the priorities of each ministry will be in each office. That's why our commissioners – that's why we hired the best that we can, so they can make good, quality decisions.

Again, if we have to make that decision right now, I would say that we compel them to a percentage increase somewhere in that 3, 4 per cent bracket, and nothing more.

The Chair: Are you prepared to make a motion on that?

Mr. Lukaszuk: Sure.

The Chair: And it will read?

Mr. Lukaszuk: It's moved by myself that the Standing Committee on Legislative Offices approve the 2009-10 budget estimates of the office of the Ombudsman in the amount of a 3 per cent increase over the approved 2008-09 budget.

The Chair: There's a motion on the floor.

Mr. MacDonald: Mr. Chairman, to the hon. Member for Edmonton-Castle Downs, are you telling us that each and every transaction with the provincial government in the next fiscal year is going to be limited to a 3 per cent increase? I'm looking at amounts in the public accounts here, for instance.

3:30

The Chair: Please put your public accounts papers away. We're in Leg. Offices here, and I think that we're going to have to try and get at least five motions and two more agenda items done in the next half-hour.

Mr. Lukaszuk: I can't answer that question. I have no idea what the government will do. I'm not a member of government; I'm a private member. I can tell you one thing. I sense from your questions in question period, from your leader's questions in question period, and from government's prudent budgeting that we will definitely be looking at some tightening in our budgetary system based on the realities. I think everybody expects that, and I think that's common sense, but I cannot tell you whether there will be a 2, 5, or a negative 2 per cent increase. You don't know that. I don't know that. That will be decided by the Legislature, and you will participate in it.

The Chair: Are there any more comments on the motion?

I'll call the question. All in favour of the motion as proposed by Mr. Lukaszuk, please raise your hands. Opposed? That motion is carried. Thank you.

The next estimate is for the Ethics Commissioner. Three of the comments that I had gleaned from that presentation were the cost of the lobbyist rollout, that when he was asked the question about 3 per cent, he said it probably will work okay, and there was an issue on IT. They're the three points that came out.

Questions? Mr. Elniski.

Mr. Elniski: No questions, but I'll make the motion: 3 per cent.

The Chair: Before Mr. Elniski makes his motion, Mr. Horne.

Mr. Horne: Just a question, Mr. Chair. At 3 per cent – and forgive me if I didn't pick it up from the presentation – can we be assured that the Ethics Commissioner can meet his statutory obligations with respect to the lobbyist registry? I think we have to ask that question.

The Chair: That's correct. That's the first point that I mentioned. Do we know what the cost of the lobbyist registry is going to be?

Mr. Elniski: I believe they had that built into the \$310,000 – did they not? – under contract services?

Mr. Horne: In the explanation of changes to budget, Mr. Chair, in the Ethics Commissioner proposal, line item 3, the footnote indicates, “Lobbyists Registrar is also legal counsel; office will be paying all related professional dues.” My only question is: is there anything else beyond that? It wouldn't be the technology services budget because there's a forecast decrease there.

The Chair: Mr. Elniski.

Mr. Elniski: Yeah. Mr. Chair, actually, we do have a page provided by the Ethics Commissioner that talks about expense summary by

core business. It breaks it down quite nicely. He's looking for \$545,000 for the conflict-of-interest legislation and \$464,000 for the Lobbyists Act.

The Chair: Any other comments?

Mr. Horne: A procedural question. In the event that any of the officers of the Legislature feel that there would be a fundamental problem meeting their responsibilities under the budget increases that are approved, do all of the officers have the option to come back to the committee with a supplementary request at any point? I'm assuming so as the Auditor General did. That would be an opportunity, then. If we made a decision here that impeded the Ethics Commissioner's ability to meet those responsibilities, he could reappear. Perhaps that would be a more responsible approach on our part since we don't seem to be quite sure that those resources would be available within a 3 per cent increase.

The Chair: Okay.
Mr. Elniski.

Mr. Elniski: Yes. I'd move that the Standing Committee on Legislative Offices approve the 2009-2010 budget estimates for the office of the Ethics Commissioner in the amount of \$990,860, representing a 3 per cent increase over the approved 2008-09 budget.

The Chair: Any questions on the motion? I'll call the question. All in favour? Opposed? That motion is carried.

The third officer was the Chief Electoral Officer. I did take some points there as well. Just to refresh, the request was for 13 and a half new FTEs, that he needs to support outreach, a priority is needed, and we did have a great discussion on the requirement for returning officer training.

Mr. Lund: Well, I have real difficulty with this one when you look at the breakdown, where he's got barely over a million dollar reduction in his expenditures in the supplies and services area but then turned around and added \$1.1 million by hiring 13.5 FTEs. I would be prepared to make a motion if we were to go with 3 per cent taking out the changes that he has identified. So you've got the \$2.226 million plus the \$1.999 million, which was out of the 2008 budget, and we give an increase of 3 per cent above those two numbers, which works out to be a budget of about \$4.808 million.

The Chair: Mr. Horne and then Mr. MacDonald.

Mr. Horne: Actually, Mr. Lund covered my point. Thank you.

The Chair: Okay.
Mr. MacDonald.

Mr. MacDonald: Yes. Well, I would like to point out to the committee that in 2010, I believe, there will be an Electoral Boundaries Commission struck. Am I right with 2010?

The Chair: I'm sorry. Would that be in the 2010-2011 budget, then?

Mr. MacDonald: Well, there is a lot of work to do in that office between now and 2010 and between now and the next election. I think that in 2010 there will be considerable focus and effort by the office to facilitate the Electoral Boundaries Commission and the

study that it does on the complete electoral map of the province, but between now and then I think they have a lot of work to do to restore faith in the electoral process. We saw first-hand this spring example after example after example of things that went wrong, and I think these additional staff that the electoral office has requested are necessary to ensure that the system is fair and efficient.

The Chair: Would that go into the core funding budget as opposed to, perhaps, supplementary as well? You're talking about the potential for boundaries in 2010.

Mr. MacDonald: Well, in light of what has happened and the work that needs to be done there, in my opinion, it certainly should be addressed, and it needs to be addressed now because they're going to have to focus on the boundary commission in 2010. They've got essentially a year and a half to make a lot of changes. If we look at the recommendations that the Chief Electoral Officer, Mr. Gibson, has presented to the Assembly, there's a significant workload there, and I don't think that the 13.5 full-time employees, or equivalents, is an unusual request at this time.

Thank you.

3:40

The Chair: Mr. Horne.

Mr. Horne: Thank you, Mr. Chair. With respect to my colleague Mr. MacDonald, I pursued a line of questioning during the presentation whereby I tried to isolate the number of FTEs of the 13 and a half that would be specifically associated with those last two goals, one of which was, I believe, improving the administration of the electoral process. I don't disagree with your projection that there is going to be considerable work to be done, but, at least speaking for myself, there wasn't sufficient clarity provided in those answers that would enable me, you know, to confidently vote in favour of a budget that included an expansion of that magnitude. I think what I would be prepared to see and be more comfortable with is, in fact, a supplementary request from the Chief Electoral Officer that was specific to that issue. I think I would feel more responsible as a committee member voting with that information.

Thank you.

Mr. Lukaszuk: Just a clarification from Mr. MacDonald. Correct my math if it's wrong – I don't think it is – that they are now asking for a 21 per cent budget increase from last year's to the upcoming one, and then up and above that, if and when the electoral boundaries review committee is struck, that boundary committee will have its own budget. It's working in co-operation with but outside of the chief electoral office. It's chaired usually by a retired judge or someone. It's a stand-alone committee, so that committee will have its own budget, which is usually a pretty robust budget. Are you suggesting that we give the chief electoral office a 21 per cent budget increase right now and then still finance any and all costs of the boundary review committee?

Mr. MacDonald: Well, I can't remember exactly how we did the last boundary review committee. It was not a retired judge. It was Mr. Bob Clark, who was the Ethics Commissioner and has now gone on to sit on the board of the Alberta Treasury Branches.

What I'm saying is in light of the fact, seeing the last election, that we have heard reports from I don't know how many people about the conduct of the election: the process, how it's financed, how the legislation does or does not work. Those issues need to be addressed. That's what I'm suggesting. I mean, he's even talking about having one working in the warehouse, which obviously is

going to be moving packages back and forth. They're not all going to be doing that. But there needs to be an audit function, clearly, with the election finances and disclosure act.

I would be glad to go over there with you someday, Mr. Lukaszuk and Mr. Horne, to the reading room that is in the elections office. You can see first-hand what needs to be done to restore Albertans' faith in the democratic process. I'll take you over there and walk you through it.

Mr. Lukaszuk: I take it that your answer is yes, then.

The Chair: Any other comments? Mr. Lund.

Mr. Lund: I'll move that the Standing Committee on Legislative Offices approve the '09-10 budget estimates for the office of the Chief Electoral Officer in the amount of \$4,951,000.

The Chair: Any discussion?

Ms Blakeman: Sorry. That's representative of what?

Mr. Lund: The way we arrived at that number is that we took the 2008-09 manpower expense of \$1,999,942 plus the total supplies and services that is requested for the '09-10 budget of \$2,226,478 plus the equipment and inventory that is requested for '09-10 of \$455,000, added those together, then added 3 per cent of that number.

Ms Blakeman: Oh. So it's 3 per cent. Okay. Thanks for the explanation.

Mr. Elniski: This is a side comment to that, Mr. Chairman. That 3 per cent increase is adequate in terms of meeting his contractual obligations under the collective agreement.

The Chair: I will call the question. All in favour of that motion by Mr. Lund? Opposed? That motion is carried.

This takes us to the office of the Information and Privacy Commissioner. Most of his comments were around perhaps filling some vacancies that he had in his office and also the fact that he had cleared up a backlog of cases that he certainly had. He indicated the number of cases that he did have pending and how many he planned to clear up of those. Any comments?

Mr. Lukaszuk: It actually has no quantitative impact on what we do, but I found this presentation to be really refreshing. When he was asked about 3 per cent – somebody asked him – he said: well, yeah, we can work with that. He didn't seem to have a great deal of difficulty with it. So of them all I think that is one officer that, probably, will least object to that amount of an increase. In this case I feel definitely comfortable putting that number out as a motion for debate.

The Chair: Would you read the motion then.

Mr. Lukaszuk: I'll read the motion again that the Standing Committee on Legislative Offices approve the 2009-10 budget estimates for the office of the Information and Privacy Commissioner for an amount representing a 3 per cent increase over the approved 2008-09 budget.

The Chair: That amounts to \$5,741,000.

Mr. Lukaszuk: That's \$5,741,220.

The Chair: It was rounded. We rounded it.

Mr. Lukaszuk: That's why I didn't use the number to begin with. Three per cent.

The Chair: Any discussion on the motion? All in favour? Opposed? That motion is carried.

For the record, as well, the papers that the clerk was handing out had three options on them, and as I mentioned earlier when I spoke, those were the ones that were for discussion.

3:50

This takes us to the Auditor General. This was just very shortly, so I think we all remember. He talked about audit fee revenue. Ninety per cent of his budget is human resources. At 3 per cent, when he was asked, he said that he could choose not to audit. He would do less of a systems audit, and he may not be able to do follow-up audits as well. Those were the comments that I took from his presentation and the answers to the questions that were given to him.

Any comments?

Mr. Lund: Well, Mr. Chairman, I know that there are umpteen different areas where there could be audits done. If we were to increase his budget by 3 per cent, I believe that he could still accommodate the major expenditures, the other major organizations outside of the ministries that it would be necessary to audit. Having had quite a bit of experience, having been audited on the farm more than once, I always found it very frustrating. At least three times we've had an audit, and every time it ended up that the government owed us money. So I'm not totally convinced that all of these audits are totally necessary. In my questions to the Auditor General I was trying to get a sense of what is really important and what could wait for another day.

I would be prepared, then, to make a motion that the Standing Committee on Legislative Offices approve the '09-10 budget estimates of the office of the Auditor General with a 3 per cent increase over the '08-09 budget.

The Chair: Any comments or questions on the motion?

Mr. MacDonald: Well, I would like to caution the committee regarding this motion. We only have to look again at the Alberta Health Services Board, the work that they are supposed to do, the consolidation of the regional health authorities. We look at the \$80 million that the Legislative Assembly, no doubt in my mind, is going to be providing in supplementary estimates for transition allowances or transition costs for the Health Services Board. If there is an opportunity for more work to be done by the AG, not less, this would be an example of that, for Mr. Dunn or his staff to have another look at how all this is working.

If we only think of the delivery of programs and services for Alberta Mental Health and what the Auditor General has said in his two past reports – I'm not convinced. I certainly hope Mr. Lukaszuk is right and we're going to see some controls finally put on some of the lavish spending by this government. He is unwilling to go on the record and tell me, for instance, that Horse Racing Alberta is going to get 3 per cent.

Mr. Lukaszuk: We spend that money on children already.

Mr. MacDonald: I hope we spend it on children and on citizens that need it. Anyway, he's distracting me again, Mr. Chairman, the rascal.

Ms Blakeman: This was decided long ago. It was decided long ago. Just move on.

Mr. MacDonald: I think that the Auditor General does this province a very good service, and to restrict and limit his budget, particularly at this time, is restricting and limiting his ability to perform his job.

The Chair: Okay. Just to the point, too, that certainly the discussion was there with regard to the audit fee revenue as well.

Mr. Horne.

Mr. Horne: Thanks, Mr. Chairman. I don't want to belabour this, but I think that once again, as with the earlier issue that Mr. MacDonald talked about, the potential for additional resources required to support an Electoral Boundaries Commission, I'm sure that in the fullness of time, once people have had an opportunity to assess the resource requirements for this audit, the Auditor General would not have any hesitation in approaching this committee with a request for a supplementary budget similar to the fashion that he did today with respect to the current year. I think we're covered there.

I'd also respectfully caution the committee against drawing comparisons with expenditures beyond the budgets for these officers of the Legislature and speculating as to what may or may not be the impact. This committee exists for the purpose of reviewing such requests and will continue to do so.

Thank you.

The Chair: If there are no other questions or points, I'll call the question on the motion by Mr. Lund. All in favour of that motion? Opposed? That motion is carried.

We do have another motion. As you mentioned, Mr. Horne, it is the supplementary funding for '08-'09, as was presented by the Auditor General, in an amount of \$750,000 to cover the anticipated additional costs relating to the contract experts and the restructured government increase in ministries. We need a motion for that as well. Is someone prepared to make that?

Mr. Horne: I'm not prepared to make the motion. Mr. Chair, to other members of the committee who have been here longer: have we experienced before a situation where the Auditor General has asked for money to hire outside policy consultants, so to speak, to assist him in his review? Is there precedent for such a request?

Ms Blakeman: Yes. He's come before us before specifically for the outside ones that he's not required to do. We've actually had special meetings called so that we could give him approval for that.

Mr. Horne: Thanks.

The Chair: Okay. Given that point – the actual wording of the motion that's required is there for you – do you wish to make it?

Mr. Horne: I guess, Mr. Chair, I'd be prepared to make the motion and to support the Auditor General's request for the supplemental budget, not having any other background than what he provided and the precedent that Ms Blakeman referred to. I will move that the Standing Committee on Legislative Offices approve supplemental funding for the 2008-09 fiscal year in the amount of \$750,000 for the office of the Auditor General to cover anticipated additional costs related to contract experts for relevant knowledge, restructured government increase in ministries, increase in other entities requiring audit resources.

Mr. Lukaszuk: I have to admit that I don't know much about this supplemental request. Does anybody on this committee know why these expenses were not budgeted by the Auditor General? Why was he not able to include them in his existing budget? Why is this a funding request above what he was provided by this committee in last year's deliberations?

The Chair: I believe it was restructuring after March or after April, and his budget had already been approved last December. There was a good deal of restructuring.

Any other comments? Mr. MacDonald.

Mr. MacDonald: Yes. The Auditor General certainly would not have been planning the size of the cabinet increase. We have the different departments now that reflect that increase. No one knew. Certainly, in the last provincial election the Conservative Party didn't campaign on centralizing the regional health authorities, so no one knew that this would happen. Again, I would support this request. How would the Auditor General know?

4:00

The Chair: That's correct.

If there are no other comments, are you ready for the question? All in favour of the motion by Mr. Horne? Opposed? That motion is carried.

We have two housekeeping points. On the first two motions we made, the final numbers were given right down to the last hundreds of dollars, and it has to be rounded up. The Ombudsman was \$2,910,780; it really is \$2,911,000.

Mr. Lund: I'll move that.

The Chair: Ty moves that correction.

Also, would you move the correction on the next one as well? It was \$990,860; it should have been \$990,900.

Mr. Lund: I'll move that.

The Chair: No objections on this? Thank you.

This will take us now to Other Business. We're going to move very quickly through this because it's already 4 o'clock. It has to do with the audit of the office of the Auditor General. Now, this is an interesting point because the Auditor General audits all the offices, and then we hire an outside contractor to audit his office. For the last eight years, I believe, there's been one audit firm, Kingston Ross Pasnak, who has audited. There was an RFP presented many years ago, and there were only two companies that even submitted proposals. The amount is not very significant, and if they audit the Auditor General, they are in conflict for any audit jobs that he may have on contract.

The point was brought up, I think, in our August 20 meeting, and we asked the company if their firm was interested in staying on as the auditor. They confirmed their interest. There are probably a couple of points, as I mentioned. There are few firms that will put forward a proposal to audit the office of the AG, mostly because it would restrict their taking of any other contracts that he may have, and the contract for the AG's office is relatively small. It's about \$27,000. Certainly, contracts for auditor work through the office could potentially be a whole lot more than this.

We've never had a formal bid process. I just wanted to get the committee's comments.

Mr. Elniski: I did actually have a comment on this one. I would think that every provincial jurisdiction should have exactly the same

problem and/or protocol with regard to audits. Why the Auditor General would use an Alberta accounting firm as opposed to, say, getting the AG from Saskatchewan or somebody to come over and do it I have no idea. They could just do it on a reciprocal basis.

The Chair: I'll get Karen to speak to that.

Mrs. Sawchuk: Mr. Chair, we are actually the client who engages the accounting firm to complete the audit. The chair signs the contract. It's routed through the office of Senior Parliamentary Counsel, and we, in fact, are the ones who undertake to enter into a contract with a firm. It wasn't a formal bid process. I stand to be corrected on the year, but I believe it was about 1999 or 2000, and really not a lot has changed since then in this respect.

But there was a letter sent out, and it was a joint kind of correspondence between the then chair of this committee and the then Auditor General to a number of firms that were felt to be suitable to do this type of audit. That's the kind of work they did. I think there were either 10 or 11 letters sent out. There were only two responses. Like I say, the value of the contract hasn't changed significantly since then either. I believe it started out at maybe \$19,000, and in the last eight or nine years it has only increased by that minuscule amount.

The Chair: So we really have two choices. Perhaps we extend their contract for this next year and call for an RFP, or we perhaps extend their existing contract for two or three years if no one has any concerns with the audit. I've attended one now. Ty and I attended the Auditor General's office when they did the exit audit report with the accounting firm in place there and presented and certainly didn't feel that there was any concern about it. I think I reported it back at the last meeting. But we have to get something formalized.

Mr. MacDonald: Mr. Chairman, for the record, could you tell me: what is the amount or the ceiling for a government contract before it has to go through the RFP process? Is it \$75,000 or \$100,000?

Mr. Lund: It varies. Some of them are down to \$50,000.

Mr. MacDonald: You said \$27,000.

The Chair: The amount of that contract was \$27,000. It's much below that. That's correct.

Mr. MacDonald: We're okay. Thank you. I appreciate that.

Mr. Elniski: So it's not the cumulative value of the contract, then. It's just the annual. Okay.

I'm going to make a motion, Mr. Chairman. I move that the contract for the firm Kingston Ross Pasnak as the financial statement auditor for the office of the Auditor General be extended for a three-year period beginning with the audit of the 2008-09 fiscal year and terminating after the completion of the audit for the 2011 fiscal year.

The Chair: Any comments? All in favour of that motion? Opposed? That motion is carried.

All right. As set out in temporary Standing Order 55.01, the reports of the officers stand referred to this committee. All the reports are completed for the 2007-08 fiscal year. It's anticipated that one full day will be required to complete the review of these reports, generally following the format utilized by the Public Accounts Committee; for example, 15 minutes for the officer to provide an overview, followed by one hour for questions from the committee.

Dr. Massolin has joined us. Perhaps he can explain how his research staff can help the committee with this review.

4:10

Dr. Massolin: Yes. Thank you very much, Mr. Chair. I realize that this is the end of a very long day for all of you, so I'll be very, very brief. I just wanted to make mention of the fact to the committee that the LAO research staff is available to provide research support to the committee in this review of the reports of the legislative officers. What we can do is basically provide some background, pick out some of the salient points of the reports themselves and then put them in our report, and also highlight some of the issues that the committee members may read and may want to bring up during the committee meeting and discuss with the legislative officers themselves. Of course, we'd follow your direction, Mr. Chair, as to whether or not you'd want us to do that. Also, we're prepared to listen to any suggestions or recommendations that you would have on behalf of the committee for us to sort of research and look into.

Thank you.

The Chair: Okay. Any comments? I think one of the things we have to do is set a date and really determine what the research issues will be. You were all asked to bring your January calendars. It sounds like January is fairly full. There are two dates that I suggested, the 19th or the 30th. I think what we've got to do is poll the members and pick a date where it will be confirmed that they'll be coming and find the date that works best for most of them.

Any direction for research? I think that it might be a good idea, if you get an opportunity, to look at their last year's reports and perhaps get in touch with Karen on any issues, and they'll do the research so that we have a good background on those reports.

Dr. Massolin: If I might add, Mr. Chair. As long it's reflective of the will of the entire committee, I think that would appropriate.

The Chair: Does that sound fine? Okay.

Mr. Lukaszuk: A motion to adjourn.

The Chair: I think a motion to adjourn is in order. Moved by Mr. Lukaszuk. All in favour? That's carried.

Thank you very much, and we'll see you next week.

[The committee adjourned at 4:12 p.m.]

