



Legislative Assembly of Alberta

The 28th Legislature  
Third Session

Standing Committee  
on  
Legislative Offices

Friday, December 5, 2014  
9:02 a.m.

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**Legislative Assembly of Alberta  
The 28th Legislature  
Third Session**

**Standing Committee on Legislative Offices**

Jeneroux, Matt, Edmonton-South West (PC), Chair  
Starke, Dr. Richard, Vermilion-Lloydminster (PC), Deputy Chair

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Blakeman, Laurie, Edmonton-Centre (AL)  
Brown, Dr. Neil, QC, Calgary-Mackay-Nose Hill (PC)  
DeLong, Alana, Calgary-Bow (PC)  
Eggen, David, Edmonton-Calder (ND)  
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Lukaszuk, Thomas A., Edmonton-Castle Downs (PC)\*  
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Wilson, Jeff, Calgary-Shaw (W)  
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\* substitution for Genia Leskiw

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Jill Clayton	Information and Privacy Commissioner
Del Graff	Child and Youth Advocate
Peter Hourihan	Ombudsman, Public Interest Commissioner
Glen Resler	Chief Electoral Officer
Merwan Saher	Auditor General
Marguerite Trussler, QC	Ethics Commissioner

**Office of the Auditor General Participants**

Loulou Eng	Senior Financial Officer, Finance
Ruth McHugh	Executive Director, Corporate Services and Office Accountability

**Office of the Chief Electoral Officer Participants**

Matthew Dennis	Senior Financial Compliance Officer
Keila Johnston	Director, Information Technology and Geomatics
Drew Westwater	Director, Election Operations and Communications

**Office of the Child and Youth Advocate Participants**

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Jackie Stewart	Executive Director, Advocacy

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Janet Schwegel	Managing Editor of <i>Alberta Hansard</i>



9:02 a.m.

Friday, December 5, 2014

[Mr. Jeneroux in the chair]

**The Chair:** I'd like to call the meeting to order and welcome members, support staff, and guests to the meeting and ask that everyone at the table introduce themselves for the record. If you're substituting for a committee member, please include this information in your introduction. I'm Matt Jeneroux, MLA for Edmonton-South West and chair of the committee.

**Dr. Starke:** Good morning. Richard Starke, MLA, Vermilion-Lloydminster, vice-chair of the committee.

**Mrs. Leskiw:** Genia Leskiw, Bonnyville-Cold Lake.

**Mr. Quadri:** Good morning. Sohail Quadri, Edmonton-Mill Woods.

**Mr. Wilson:** Jeff Wilson, Calgary-Shaw.

**Mr. Westwater:** Drew Westwater, director of election operations and communications, Elections Alberta. Good morning.

**Mr. Resler:** Glen Resler, Chief Electoral Officer.

**Mr. Dennis:** Matthew Dennis, senior financial compliance analyst for Elections Alberta.

**Ms Johnston:** Keila Johnston, director of IT and geomatics at Elections Alberta.

**Mr. Eggen:** Good morning. I'm David Eggen. I'm the MLA for Edmonton-Calder.

**Dr. Brown:** Neil Brown, Calgary-Mackay-Nose Hill.

**Mrs. Sawchuk:** Karen Sawchuk, committee clerk.

**The Chair:** And on the phone? Gary, do you want to introduce yourself?

**Mr. Bikman:** Yes, of course. Gary Bikman, Cardston-Taber-Warner.

**The Chair:** Perfect.

Okay. Meeting materials were posted to the internal committee website last week.

A few housekeeping notes before we get started. The microphone consoles are operated by *Hansard*. Please keep your BlackBerrys off the table as these can interfere with the audiofeed.

The agenda. Would a member move adoption of our agenda, please?

**Mr. Quadri:** I move that the agenda be adopted.

**The Chair:** Sohail Quadri moved that the agenda for the December 5, 2014, meeting of the Standing Committee on Leg. Offices be approved as distributed. All in favour? Any opposed? Carried.

Members were also provided with a list of attendees from each of the offices attending, just for info, I guess.

All right. Now approval of the minutes. We have two sets of minutes. I'll be asking for a separate motion for each. Approval of the December 1 minutes.

**Mr. Quadri:** I move the motion.

**The Chair:** Okay. Sohail Quadri moved that the minutes for the December 1, 2014, meeting of the Standing Committee on Leg. Offices be approved as distributed. All in favour? Any opposed? Carried.

Now the December 2 minutes.

**Mrs. Leskiw:** I so move.

**The Chair:** Genia Leskiw moved the minutes for the December 2, 2014, meeting of the Standing Committee on Leg. Offices be approved as distributed. All in favour? Any opposed? Carried. Perfect.

Okay. We're continuing our review of the 2013-2014 annual reports, business plans, and the 2015-16 budget estimates for the officers of the Legislature. I would like to reiterate a few things before we get started. A reminder that the committee will be making decisions on the budget estimates once all officers have been heard, and that has been incorporated into our meeting agenda today under item 4(e).

To provide equal opportunity for questions from all members, I will continue with our usual format, which is to recognize a government member, then an opposition member, and continuing on in that manner. Members will be provided an opportunity to ask one question followed by one supplemental each round – two questions – and I again seek the committee's co-operation in this respect. Other members attending the meeting but not as official substitutes are welcome to participate in the discussion subject to the participation of the committee members and official substitutes and within the order listed but may not vote on the motions.

With that, I'd like to welcome Mr. Resler, Chief Electoral Officer, and his staff to the meeting. You have 35 to 40 minutes, and we'll start your clock now, Glen. Go ahead.

#### Office of the Chief Electoral Officer

**Mr. Resler:** Good morning, Mr. Chair and committee members. I am pleased to be here with you today presenting my first budget and to discuss the activities of Elections Alberta as we prepare for the next provincial general election. My staff have introduced themselves, so I'll begin with our 2013 annual report of activities under the Election Finances and Contributions Disclosure Act. The report details the financial filings of political parties, constituency associations, senatorial selections, third-party advertisers, and leadership contests.

There are three items that I would like to highlight. First, the volume of financial reporting has increased considerably with the introduction of the quarterly reports of contributions. This committee previously approved an additional staff member to manage the increased workload. I am pleased with the co-operation of the parties and the constituency associations. This process is a significant amount of work for the volunteers, and I'm appreciative of their compliance and timeliness of reporting. I look forward to future discussions on quarterly reporting to determine how it can be improved and provide additional value.

Second, under my leadership I have taken a stronger stance on compliance. As a result, one party and 58 constituency associations were deregistered for incomplete financial reporting. My staff have been working with these deregistered entities to ensure compliance with the legislation, and I am pleased to state that only three constituency associations require further follow-up for reregistration. There has been a substantial amount of work by both our office and the political parties in clearing this backlog. I look forward to a greater awareness of reporting requirements in March 2015.

Third, investigations have continued, with 13 completed during the 2013 calendar year. Another 18 were carried forward into 2014, and I'll soon be reporting on those files. In all cases where an overcontribution is determined, the political entity is instructed to return the funds to the contributor, and the official tax receipts are cancelled. Most investigations concern overcontributions by individuals, corporations, and associated corporations. My office is strengthening its compliance review process to ensure associated corporations are included as part of that review. Previously there was little work in this regard. I have requested and received access to data from the Alberta corporate tax administration that details Alberta corporations, their subsidiaries, and associated corporations. This will provide my staff with additional resources to ensure compliance.

All of the investigations are from events in prior years. With the increased awareness of the contribution rules by the political entities, I am confident that the number of investigations will decrease. There will also be an increase in advisory services by our office dealing with political stakeholders during the annual review process to address and minimize any potential breaches of the legislation.

The final item on the annual report is our financial statement for 2013-14. On the corporate services side the unexpended funds related to vacant positions; unexpended funds earmarked for advertising, contract investigative staff, and legal support; and a delay in purchasing computers for an additional year. There were no by-elections during 2013, and all budgeted funds, totalling \$840,000, for administering up to three by-elections were left unexpended.

#### 9:10

Next I'd like to discuss our service plan for the years 2015 through 2018. As you're aware, our activities are based on a four-year cycle, with the assumption of a provincial general election taking place in the spring of 2016. The service plan's four goals have remained the same: first, to increase the efficiency and effectiveness of election administration; two, to increase the services and accessibility for stakeholders; three, to provide effective oversight of electoral financial activities; and four, to increase Albertans' awareness and knowledge of the electoral process.

I do not intend to go through the plan in detail but wish to highlight the following activities we are working on in order to improve the electoral services provided to Albertans and our stakeholders. Earlier this year we presented to the committee recommended changes to legislation that we want in place prior to the 2016 election in order to bring forward efficiencies in the polling place. This committee passed motions supporting our recommendations and forwarded the proposal to the Minister of Justice and Solicitor General for the preparation of the amendments for introduction in the Assembly. We are hoping these amendments will be brought forward in the spring session in order to be implemented in time for the general election and to improve the level of service to Albertans. As of today we have not heard from Alberta Justice on our recommendations.

We also presented a proposal to this committee to test the use of vote tabulators and voter assist terminals in future by-elections. On September 29, 2014, the writs of four by-elections were announced. We invited representatives from the political parties and the media to attend a demonstration and testing of the equipment to be used in the by-election advance polls. The CNIB volunteered to attend and brought a representative of their community to test the voter assist terminal. They were very pleased with the ease in using the equipment to allow for the very

first time the ability to vote independently in Alberta provincial elections. Mr. McDonald, executive director for the CNIB, stated that he was proud to see Elections Alberta take a leadership role in providing accessible, independent voting options for Albertans.

The use of the tabulators was well received by the public, election officials, the media, and the political parties during the advance polls, and their reporting on election night was a qualified success. I would like to sincerely thank this committee for your leadership in agreeing to test the equipment in these by-elections. We are recommending the use of the voter assist terminals in each electoral division and the tabulators in all advance polls at the next provincial general election to address the high voter volume in the advance polls, including the addition of the fourth day of advance voting.

In our meeting this last summer several members of this committee requested a change in the format of reporting the official advance poll results on a poll-by-poll basis. This is increasingly important as we expect to see 30 per cent of all votes cast in the general election occur during the four days of advance polls. As shown on the slide, you will now see each polling subdivision broken down by votes cast in total, by the regular poll, and those in the advance poll, with totals provided at the bottom of the report. We are able to provide this detail as a result of using the vote tabulators.

Not everything performed as desired in the by-elections. There were difficulties encountered and areas identified for improvement. It is increasingly difficult to find office space for returning officers. Three of the four offices were located outside the electoral division boundaries, and lease rates have increased substantially since 2012. All returning officers struggled to obtain polling day staff. At most, they were able to obtain 60 per cent from within their electoral division, the balance obtained from other areas of the city. Staffing will prove much more difficult during the provincial general election.

With the growth of our communities there are limited facilities in which polling places can be held. Some school boards are not as co-operative or willing to allow the use of their space. Other facilities that exist are booked for events, and where they are willing to cancel the bookings to accommodate polling day, our regulated rates for polling places are inadequate, and as a result they are losing rental income to accommodate us.

We'll be following up with the parties to address deficiencies in election advertising compliance and the proper use of scrutineer forms.

The next slide reflects on our outreach program and the groups that we engage. Our outreach program is critical to ensure that Albertans are informed of their right to vote, to create public awareness, and to remove any administrative barriers that may exist.

In addition to the groups that you see on the slide, we want to engage future and current electors as part of a longer term strategy. We are looking to engage future voters through a partnership with Civix and their student vote program. The program complements resource materials for grades 6, 9, and 12 that we have developed to support the social studies curriculum in Alberta. Previous student vote programs were funded by federal sources, Alberta Education, and the Alberta Teachers' Association, and in the 2012 election 761 schools participated, engaging over 85,000 students in grade 6 and high school in the political process and to vote in parallel elections. This program significantly increases students' knowledge of the electoral process, interest in civic participation, and a sense of voting as a civic duty.

Studies have shown that the family engagement process by these students has resulted in higher voter turnout by their parents

and family members. These students talk to family members at home to discuss issues, local candidates, and parties as part of the program. Sixty-one per cent of the parents reported an increase in their own political interest and knowledge as a result of their child's participation in the program. Twenty per cent of voting parents reported that the student vote program positively affected their decision to vote.

We are currently ramping up our activities in preparation for the general election. We have commenced the recruitment of returning officers and election clerks across Alberta. As you are aware, returning officers are terminated after the general election, and by legislation I am not allowed to commence recruitment until two years have passed. Interviews were delayed as a result of the by-elections and are currently under way. We have encountered some difficulties in recruitment, and we have six electoral divisions in which we did not receive one single application. This is even after two comprehensive advertising campaigns.

The map and list review will commence in May of 2015. In preparation for the map review we are looking to improve our mapping data. We've held discussions with Alberta Health Services to access their 911 GIS mapping information. Currently both Elections Alberta and Alberta Health Services collect similar data from municipalities and compile the addressing data for our individual systems. We intend on eliminating the duplication of work and receive the data directly from them for integration into our address register.

In addition, we have made an agreement with Alberta Municipal Affairs to access property assessment information to assist us in determining zoning of properties such as residential versus commercial, to highlight properties that are institutions, and to identify potential polling places.

During one of the leadership reviews this year we were inundated with calls from electors unable to register or update their elector information on the Voterlink system located on our website. The only means to register or update elector data online is by authenticating an elector through the use of motor vehicle licence or Alberta ID card. Approximately 80 per cent of eligible Albertans have a motor vehicle licence or an Alberta ID card and are able to access our site. The remaining 20 per cent do not have the ability to register online.

There are two primary pieces of Alberta identification, the driver's licence and the personal health card. Most Albertans have a health card. Under the Election Act we are able to access information held by a public body in order to update the register of electors, including unique identifiers. We have access to the driver's operator number, and we have initiated conversations with Alberta Health to allow Albertans to use their personal health number for authentication purposes when accessing our website in order to register or update their elector information. An amendment to the health information regulations is required to enable this use.

**9:20**

Committee members have commented on the need to improve the accuracy of the list of electors, specifically what we call list creep. I echo the concerns that have been brought forward. Previously, election officials in the field were limited in the ability to delete electors from residences where new electors were identified. Unless we were told that the previous electors moved away, no one was deleted. During this cleanup after the by-elections I saw a residence that had nine electors listed, of which only two resided there. With access to our driver's licence data and the national register of electors we were able to identify the other seven electors and place them in the correct addresses. As a

result, we will be centralizing the enumeration and postelection updates in our office in order to improve the quality and accuracy of data in our register of electors.

Our register staff have also been very busy this last year and have made over 494,000 updates to the register using our data sources: Elections Canada, motor vehicles, vital statistics, Canada Post, and by the public through Voterlink, as shown on the slide. We were able to add new addresses, new electors, move and update electors that exist in the register, and confirm the data that they are correctly registered and delete duplicates and deceased.

In the fall of 2015 we'll be commencing a provincial mail-based enumeration. Each elector listed at each residence will be identified, and Albertans will be requested to confirm and/or delete the names listed. Albertans will be directed to update their information on our website through the Voterlink system by mail, and we will have call centres set up where they can phone directly.

I have also spoken with the Chief Electoral Officer of Canada in the last week to identify ways where we can work together in updating our register of electors. Elections Canada will be performing targeted revisions in high-mobility, high-registration areas such as universities and in new-growth communities prior to polling day federally. We will identify areas in which we can access the data they are collecting and avoid any duplication of effort and expenditures.

These are some of the activities that we're working on in order to improve the electoral services provided to Albertans.

The next item for discussion is our budget. I'm sure that when you first looked at page 1 of our budget submission, you would have noticed how difficult it is to understand our estimates since each year is substantially different because of the election cycle. There are no two years alike. Looking at page 1, the third column, 2014-15 adjusted budget, in July of this year we asked the committee for supplementary funding to cover the costs of provincial enumeration, map and list review, and inventory purchases in anticipation of a potential early general election call. A decision was made to hold four by-elections. As a result, we did not move forward with these activities. Those funds will be left unexpended.

Page 2 provides a comparison of the current year budget and estimates for 2015-16. We show an increase of 295 per cent over the last year for our election year budget. This does not provide a very good comparison for you. To assist members, I've provided a comparison to the last electoral event. This data is four years old, but at least it provides a benchmark for you to assess what we are putting forward for approval. I have broken down our budget into four program areas: corporate services, which contains all office staff; the enumeration process; the general election of candidates for MLAs; and the senatorial selection program.

Turning to page 4, I'll discuss our corporate services budget. This is the area that remains constant over the four-year cycle, and it is the only area compared to last year's budget. I have taken a different approach in previous years. The budget has increased by specific percentages. I budget based on whether the item is required to begin with, and then I look at the actual cost and determine if there are any inflationary factors. Under salaries our office, similar to others that have presented, is responsible for providing cost-of-living and merit increases under the Public Service Act and union agreements. This accounts for approximately a \$100,000 increase in salaries, but upon a review of the manpower in the office I determined that the budget was inflated by budgeting for vacant positions while at the same time for the wage positions that were performing the work. The inflated budget items have been eliminated. As a result, the net effect on salaries is a decrease of 8 per cent on total manpower.

Although I'm decreasing the total manpower budget, I am requesting an increase in the number of permanent FTEs from 19 to 23 positions. This request is to formalize the current staff complement of the office without an increase in the staffing budget. Elections Alberta currently employs 24 persons; 19 are in permanent FTE positions, five are wage positions that are renewed on a regular basis. Under the Public Service Act wage staff are temporary staff used on an hourly, daily, or monthly basis. I have four wage staff that have been employed in their positions between five and seven years on a full-time basis. Because of their long-term employment, they receive full pay and benefits. The work they perform is not temporary and is required in order for me to fulfill my mandate. I am requesting the approval to make these positions permanent. Again, as stated earlier, there is no impact on the budget. These positions are currently fully funded.

Under supplies and services I'm looking for an increase of \$2,000 for staff travel, a \$1,000 increase in the cost of registered mail, a \$2,000 increase in rental costs for new photocopiers, a \$10,000 increase in GIS software upgrade, which will allow us additional functionality and to license additional staff to access the program. Overall on the corporate services budget we're looking at a reduction of 4 per cent.

If you could turn to page 6 of the package, for electoral events the assumptions we have used in our estimates include an increase in our fee and expense regulation. It was last increased four years ago. This regulation defines the rates paid to over 20,000 election officials employed in the enumeration and election processes. These are not by any means high-paying positions, and we have to ensure that we are paying above minimum-wage standards. Election day is a 14-hour shift without the addition of a senatorial selection. We are averaging a 5 per cent increase over these four years. As an example, the daily rate for a poll clerk increases from \$200 to \$205, which is a \$5 increase for the day, which in that example is only a 2 and a half per cent increase.

We are estimating a 10 per cent population growth factor and a 4.4 per cent inflationary factor over the last four years. Both of those numbers were obtained from Alberta Finance. We are estimating an elector base of 2.75 million persons and approximately 2 million residential addresses. These assumptions are applied when we look at staffing, postage, and polling place rentals as an example.

Looking at page 6, the enumeration estimates are compared to the 2011 enumeration budget. As previously discussed with the committee, we intend to move from a door-to-door enumeration to a mail-based enumeration. This will result in the reduction of contract election officials, who will be replaced with postage. We will supplement the mail-out with targeted enumeration of high-mobility, new-growth communities. We are estimating this targeted enumeration at 30 per cent of the previous process. There will be an increase in advertising costs to inform Albertans of the new method in updating the register of electors.

I am always conscious of ways to improve or find new efficiencies, possibly because of my audit background. As you are aware, postage costs have gone up by 35 per cent and are estimated at \$1.8 million for the enumeration. By ensuring that our address database conforms to Canada Post addressing standards, we are able to reduce our addressed postage costs to 69 cents per residence. When each mail-out goes to almost 2 million residences, this is a significant cost savings of approximately \$400,000 per mail-out. I'm happy to say that in the four by-elections we were able to achieve this standard. The overall result of changing to a mail-based enumeration is a reduction of \$4.5 million, or 58 per cent. As discussed in our last two committee

meetings, we intend to use some of the savings to start investing in the modernization of the electoral process.

On page 8 you will find our election estimates. Again we are comparing a budget that is four years old. There are significant increases in advertising; postage; rentals; staffing, which falls under contracts; and automation, which falls under materials and supplies.

9:30

To provide clarification to the employer contributions line item, Canada Revenue Agency requires deductions to be taken off for election officials who work more than 35 hours. This will consist of the four staff in each returning office and all staff who work the advance polls, now that we've moved to a four-day advanced-poll period. This results in a 16 per cent increase, or \$45,000. These staff do not show up under salaries as they are paid under the contract line item.

Returning office staff travel, to support the election activities, cost \$225,000 in the 2012 election. We are estimating RO office travel to increase to \$247,000 with the balance of the budget applied to our 10 returning officer advisors that travel across the province and five Elections Alberta staff providing support and deliveries. We also budget for the cost of recruitment for replacing returning officers or election clerks if they terminate prior to the event.

We are looking at a significant increase in advertising. Historically we advertise solely in the broadly circulated newspapers throughout the province and some radio in major cities. Newspaper advertising continues to be mandated under the legislation. Unfortunately, readership numbers have decreased substantially, and only 20 per cent of the population may see our notices. It does not provide the necessary engagement with all electors. We are looking to expand our election advertising through social media and television to extend our reach to all stakeholder groups to participate in the electoral process. The additional cost is broken down as \$250,000 for social media ads and a million dollars for a provincial television advertising campaign, and the balance of the budget increases are from an inflationary cost for newspaper and radio ads.

Looking at postage, as stated previously, postage rates have increased. We have two province-wide mail-outs, one addressed mail and the other unaddressed mail, to every resident in Alberta, plus there is a 10 per cent increase in the number of residences. We are looking at \$1.9 million in total postage costs. The slide shows our total postage costs breakdown for special ballots, delivery of supplies, mail-outs, and other postage needs.

We are looking at an increase of \$1 million in rental rates. Office lease rates have increased substantially, and it's a very tight market. Our estimates are based on the rates paid at the recent by-elections and 10 per cent growth in the number of polling subdivisions. We are looking to lease a 2,000-square-foot location for returning officers; 87 RO offices averaging \$6,000 per month times two months equates to \$1 million.

We have 1,900 election day polling places, which looks at \$1.2 million; 180 advanced polls times four days of rental, \$324,000. We also require training space and a backup generator for our Edmonton office.

Under telephones and communications we are adding an additional phone for the trainer in each of the 87 offices and installing wireless hubs. The additional cost is \$48,000.

Under contract services we are looking at an increase of \$2.7 million. A significant portion of the increase relates to a 2012 Supreme Court ruling subsequent to the last federal election. A winning candidate was challenged as a result of a significant



number of irregularities or administrative errors on the part of poll officials. The Ontario superior court declared the election null and void. The Supreme Court of Canada reversed the decision, stating that despite the presence of irregularities, there was no evidence of fraud or ineligible voters being provided a ballot. The case revealed the need for adequate training and proper supervision among the items to ensure the integrity of electoral processes and the public's confidence in our electoral system. As a result of the court's ruling, our office will be training all poll staff. This includes 7,000 poll clerks at a cost of \$400,000 and the need to hire 87 training officers at \$315,000. The amount of training will double compared to previous elections.

The addition of information officers in multi-poll locations, \$500,000. This will reduce the workload of the supervisory deputy returning officers so they are able to provide supervision and review polling day staff to ensure their work complies with the legislative procedures.

The cost of the tabulator operators in the advanced polls is \$350,000. This staffing model was implemented in the by-elections and was proven successful. The quality of the documentation in the polls was significantly improved from the previous election. The balance of the increase, \$1.2 million, is a result of population growth, inflationary factors, and increasing fees. Our staffing model is legislated by having a poll clerk and a deputy returning officer for every polling subdivision of 450 electors. If you look at the growth in Alberta over the last four years and divide by 450, you can see a direct relationship in those staffing increases.

The slide before you shows the contractual cost for our office. Returning officers are at \$1.5 million, and that works out to an average of \$17,000 to perform the list and map preview, partial enumeration, and to run a general election. Election clerk, admin support, and the trainer come in at \$1.8 million; other election officials, including the ones that I mentioned earlier, at \$6.6 million; equipment rental, \$1.1 million; printing services, \$1 million; call centre staffing at \$250,000; and a temporary support staff at \$100,000.

Under technology services the increase is based on inflationary costs. Under hosting the increases are a result of additional training sessions, now that we have a fourth office staff member to train, and the increased costs from four years ago. Looking at materials and supplies, \$1.2 million in computer equipment consisting of 300 computers, 700 laptops, printers, hubs, barcode scanners, software. We are in discussions with Service Alberta regarding the desktops and also Edmonton public school boards on the laptops. There are opportunities I feel for which we can share the cost of the hardware that we use in the election period.

When I talk about automation in the polls, I want to stress that this is not being done for the sake of bringing technology into the electoral administrative process. The technology is used to bring efficiencies into our process and to minimize the chance of errors occurring. At the close of advanced polls returning officers have to ensure all the poll books to be used on polling day have the electors that voted in the advance and special ballot polls struck off. This is currently a manual process and has to be done on the Sunday before polling day, and the polls close on Saturday. Polling day usually falls on the Monday.

It's easier work in an urban area and more difficult in rural Alberta, where there is more than one advanced poll and your polls are located hundreds of kilometres away. The high volumes of votes cast in the advance polls is making the manual process difficult to perform within the timelines. By automating the poll books, the voter strike offs are immediate, and election day poll

books can be printed off and delivered to poll officials in a timely fashion. The chance of error is reduced substantially.

Also in the budget we have election supplies accounting for \$325,000, and the tabulator supplies, \$300,000.

The last program area is on page 10, senatorial selection. We have not heard whether there will be a senatorial selection. It is unknown what Alberta Justice's response is to the Senate reform decision from the Supreme Court of Canada and how it applies to our method of selecting Senators. We have earmarked funds for holding a senatorial selection based on the actual cost in 2012 and adjusted for inflation. We are looking at a reduction of 21 per cent, or \$658,000, compared to the 2012 selection budget. Should we be requested to administer another senatorial selection, we will be coming before the committee to discuss the manner in which the unofficial results are to be counted.

In 2012 there was a significant backlash from staff working the polls. Many have stated that they will not work another provincial election. This is the result of the extended long hours required to count the ballots. Some polls were still counting at 2 a.m. Other staff just left and went home. Our poll workers are not young by any means, and working more than 14 hours is a strain and increases the likelihood of making errors. We would request that the unofficial count be delayed until the following day or that tabulators be used in all polling locations. The machines could be used in both electoral events, but that discussion is for another day.

Page 12 compares the consolidated election year estimates to the 2011-12 consolidated budget, with a net increase of 9 per cent overall.

That ends my presentation. We'd be pleased to answer any questions that you may have.

9:40

**The Chair:** Oh, early. Six minutes left on the table. Well done. Great. We'll open it up to questions, and I had the request from David Eggen to begin if that is all right with everybody.

Actually, before we do that, I neglected to recognize Steve.

**Mr. Young:** Steve Young, MLA for Edmonton-Riverview.

**The Chair:** And also Alana on the phone.

**Ms DeLong:** Alana DeLong of Calgary-Bow.

**The Chair:** Perfect. Thanks, Alana.

Go ahead, David.

**Mr. Eggen:** Well, thank you so much for your presentation. I can think of a lot of questions. I'll just move as quickly as I can. I apologize. During the recent by-election writ period there were reports that the Minister of Education approved modular classrooms for schools in his riding, and we know that that was a problem in regard to the Calgary board of education priority list. I'm just curious to know if there are regulations or restrictions currently in place to limit this kind of behaviour by candidates seeking election in public office here in the province.

**Mr. Resler:** Sorry. I didn't quite understand the question.

**Mr. Eggen:** Oh, I'm sorry.

**Mr. Resler:** Of making announcements, under the Election Act the restrictions deal with election advertising as it pertains to the guidelines, and it's paid election advertising. Announcements such as those: other jurisdictions do have legislation that does address that type of thing, but there is none in Alberta.

**Mr. Eggen:** Yeah, I mean, I could find Saskatchewan and Manitoba having legislation kind of like that.

**Mr. Resler:** Correct.

**Mr. Eggen:** I'm not sure if you've reviewed that legislation and have an opinion on it.

**The Chair:** Remembering that we're in budget estimates, too.

**Mr. Eggen:** Yeah, absolutely.

**The Chair:** So somehow tie that to the budget. That would be great.

**Mr. Eggen:** Sure, yeah.

If we can support your budget to explore having that sort of legislation in place.

**Mr. Resler:** Well, yeah. Part of the presentation that we made earlier this year dealt with legislative review process, and that's something that's definitely a decision that can be made in the comprehensive review of our legislation.

**Mr. Eggen:** Thank you very much.

**The Chair:** Okay. We have Richard, then Jeff, then Steve.

**Dr. Starke:** Thank you, Chair. First of all, I want to tell you that I found your presentation on the numbers very refreshing and your approach to some areas of the numbers very refreshing. While I've never seen a 4,000 per cent increase on a line item in a budget, to see 58 per cent decreases in some pretty big numbers was also refreshing, and I'm especially pleased to hear you say that you took a different approach to things, you know, starting sort of from the ground up and saying: do we really need to do this at all? I will tell you – and I don't think I'm tipping my hand here at all with regard to any Treasury Board secrets – that that is something that all departments of government are going to have to do this year, especially with \$60 or \$70 or whatever the oil price comes to.

I think we will have a lot of questions, so I don't want to get into a number of things, but I just made a few notes as you were making your presentation. You mentioned the additional staff and the additional burden it places on the office to have quarterly reporting. I guess my question is: do you think quarterly reporting really serves a purpose? I'm thinking not so much necessarily from the party standpoint; I don't have a problem there. Generally speaking they have staff to look after it and that sort of thing. I'm thinking more in terms of the constituency associations.

This has placed a significant burden on a lot of constituency associations, and sometimes it's hard enough to find volunteers to do these roles, and to now tell someone who you're trying to recruit to be the CFO of your constituency association that they have to do quarterly reporting of their ins and outs – we've had a lot of people say: whoa, I just can't do that. Especially when you consider also the possible ramifications of making an error. You know, people are, quite frankly, either scared of the workload or scared of the consequences in case they make a mistake. It's getting to the point where the only people who are prepared to do it are people with an accounting background. So I just would be curious to know your comments as to whether you feel quarterly reporting has really improved things and what incremental cost that has resulted in because you mentioned that it does cause an increase in your workload.

**Mr. Resler:** The quarterly reporting process does increase transparency as far as timeliness of the disclosure of the contributions. As far as the workload it is additional workload on the volunteers. The real value as far as the data – we duplicate the workload for us personally. All the information that's collected on quarterlies is pretty much thrown away during the annual review process. None of the contributions are receipted. The contributions are broken down into over and under \$250. The under \$250 is in a consolidated number. You can contribute \$200 every quarter and show up in the under \$250 reports quarterly. On the annual that's a consolidated aggregated total, and they're in the over \$250. We have no use for that information. It's not very effective. All the work is duplicated on our side.

If that process was to continue, I would look at changing it to make it more efficient, which would also reduce the workload, then, for the constituencies. The constituencies are doing all of this extra work on the quarterly reporting, but it has no value when they report annually either. So then they have to duplicate their work, their reports.

So is there value? Yes, as far as the reporting period, bringing forward. Does it need to be provided quarterly versus annually? That's the question that has to be asked and answered. But otherwise there's a lot of wasted time and effort there.

**Dr. Starke:** Okay. Well, I appreciate your candid answer on that because, I mean, certainly, that's the feedback I'm getting from the constituency association.

Chair, for a supplemental I'll pass it over to Dr. Brown.

**Dr. Brown:** Yeah. Just to follow up, Richard has made a really good point. It is a tremendous burden on volunteers, I think, for all of the parties. What I was going to ask is: would it be possible for your office to come up with a fillable form which would conform with the requirements of the Election Finances and Contributions Disclosure Act? For example, you could enter all cheques deposited, all deposits to the account, and you could enter all your cheques, your expenditures. It would be a fillable form so that anybody without an accounting background could step into that role. You know, have a greater than \$250 column and an under \$250 column, and just make it really, really simple.

It occurred to me – in fact, I wonder why this hasn't been done by all of us at some point. It could be as simple as, you know, a QuickBooks thing that had been modified into a fillable form online. I know our IT is excellent at doing that. All of our forms for IT disbursements and expenditures are now fillable forms, available online, and if we could get that, I think it would really facilitate this whole thing about the quarterly reporting.

**Mr. Resler:** Yes. That's something we've been thinking about ourselves, and then taking it a step forward, where you just enter the information line by line, it aggregates the data, you generate the reports for over/under \$250 – so, then, you don't have to do something different – and then it's filed electronically with us. It reduces the time at our end also because we're not manually entering the information. So there's a significant cost saving for us and time saving for the volunteers. I know it's been on the agenda for many years, but it has never been provided a priority in the office. But that's something, definitely, I'm interested in.

**Dr. Brown:** Thank you very much.

**Mr. Resler:** Just to mention one thing on the quarterly reporting, there is, you know, a different system in Ontario. It's real-time reporting but only at the party level, so the constituencies don't

have the quarterly reporting function. That might be something you may want to consider.

**The Chair:** Interesting. All right. Thanks, Richard and Neil. Jeff then Steve then David and Sohail. Go ahead, Jeff.

9:50

**Mr. Wilson:** All right. Thank you, Chair, and thank you very much for your presentation, Mr. Resler. I really did appreciate how you broke down the comparable budgets because it is very difficult to grasp from point A to point B.

I will ask you about that in just a moment, but I feel I would be remiss if I did not point out to my hon. colleagues that when the legislation was debated around implementing quarterly reporting, we put forward an amendment to eliminate that based on exactly what you just mentioned – we knew it would be a burden to the volunteers; we knew it would be a complete pain to find people to want to do it – and I believe it was unanimously voted down by the government members. Not to overly politicize things, but when the previous Chief Electoral Officer had put forward recommendations to the Minister of Justice for changes, that was nowhere to be found in his recommendations, so that was a manifestation of the Minister of Justice. I would strongly recommend as a caucus that if you have his ear, perhaps it would be time to remind him of how much of a burden that is because it has been a failure.

Back to you. The comparable budget versus 2015-16. I'm wondering: the 9 per cent. If you're looking at that, you mention population plus inflation, 10 per cent, 4.4 per cent. Are you saying that your 9 per cent is below the population and inflation over this time period? Is that an accurate assessment?

**Mr. Resler:** Over the four years, yes. Because of the changing of the processes in which we're doing the work, whether it's enumerations and such, yes, I would say so.

**Mr. Wilson:** Great. Well, I certainly appreciate as well the efforts you've undertaken, you know, with the staffing. It's quite impressive to be able to do what you did. As my hon. colleague on Treasury Board suggested, if this whole Chief Electoral Officer thing doesn't work out for you, I'm sure they could use you on the other side over here at some point.

Anyway, very well done. Thank you. I appreciate your attention to detail and your desire to make our elections as accurate, fair, and reasonable as possible given the guidelines. So thank you very much.

**Mr. Resler:** Thank you. I appreciate that.

**The Chair:** Steve.

**Mr. Young:** Okay. Thank you. Just quickly on the whole quarterly reporting, just to build on what Dr. Brown was saying, if we did the quarterly reporting on a fillable form online or some version of that, they could be accumulated and actually add value to the annual reporting, so nobody is duplicating the redundancy and the duplicating. So the quarterly reporting could actually add value as long as it's not a stranded effort when you're doing your annual report.

I also want to comment on your breakdown of the poll-by-poll results. Love it. It looks very similar to a napkin drawing that I saw at one point. The data quality: I love the fact that you're bringing in all these different sources, so that's eliminating any chances of the fraud and stuff.

**Mr. Resler:** Yes.

**Mr. Young:** Do you do any proactive analytics on people playing games? Like, you know, you're not bringing in cemetery data because those are ineligible voters, but have you found that it's identified redundant, or is it just to clean up the data?

**Mr. Resler:** Cleaning up data is necessary because there is some data that's been carried forward. But even the information, say, for example, that comes through us on Voterlink – so someone registers for the very first time – we do not just accept it on face value. We also will ensure, as far as the authentication, that the record exists. We data-match it to the national register information and other databases to ensure that they are valid.

**Mr. Young:** That's really wonderful to hear. It always bothers me when people are only using a single point of failure, whether it's a driver's licence or whatever it is. When we need to use proper entity analytics, you use multiple.

**Mr. Resler:** Exactly.

**Mr. Young:** Anybody can fool you once, but they can't fool you on several criteria.

Then my question is: given that you have a legislated 450 voters per polling station – that's legislated, right?

**Mr. Resler:** Yes.

**Mr. Young:** Then you've also said that we're expecting a 30 per cent increase in advance polls. We're seeing a movement of where people are voting from the walk-in kind of thing to advance polls to remote voting to wherever the other may go. We know it's going, and that's going to increase. Should we review that?

**Mr. Resler:** Yes.

**Mr. Young:** Okay. Good. I'm glad to hear that, especially when we know the numbers per poll.

**Mr. Resler:** Yes, and that's the exact same point that you're making. The advance poll period, the four days: the volume is increasing. There is opportunity to increase the polling subdivision size of 450. You're not having as many electors show up at the poll on polling day, so that number can increase. We can also look at changing the matter as far as the staffing. You know, I've said it before, the legislation is very prescriptive – they tell me everything, as far as who I hire, where I hire, what they do – and we need to streamline the function. We need to look at it, setting it up more as a banking-style facility. You can reduce the number of staff in the polling places and have cost savings there, but I'm unable to do that without legislative change.

**Mr. Young:** Okay. It seems to me that the value of a polling station should be evaluated on the percentage. Like, how many of the 450 people voted out of that poll? I suspect there's quite a range. We know the ones that people are going to or where it is because people are either doing the advance poll – they don't want to wait in line; they're afraid of that – and all those types of things. So I look forward to some recommendations from you going forward. I also appreciate the way you went through each of these things and took a hard look at the business operations within the legislative framework you're working within, so thank you.

**Mr. Resler:** Thank you.

**Mr. Young:** Thank you, Chair.

**The Chair:** Great. Thank you, Steve.

Just to Alana DeLong and Gary Bikman, if you do have questions, if it's easier, probably just for you, Alana, to e-mail Karen, and, Gary, if you're on the road, just chime in whenever, and we'll put you on the list.

Next up we have David and then Sohail.

**Mr. Eggen:** Thanks. I just wanted to ask about investigations. The amendments to the elections legislation from two years ago have given a lot more power for you to conduct investigations for noncompliance and so forth, but in the annual report I'm noting that there were 12 open investigations transferred from back in 2012 and 19 opened in 2013; however, only 12 or 13 of these investigations have been completed, and 18 are now carried over into 2014. Given all of that, I'm just wanting, maybe, you to expand on how you might be having difficulty keeping up with the number of investigations you have each year or what might be an explanation for having to transfer forward that number of investigations.

**Mr. Resler:** On the investigation side, obviously, this annual report, I was there for about 21 days of the year, so I wasn't involved in the process. The investigations themselves, most of them are able to be handled within the office. We do hire contract staff. We hire contract investigators, legal staff, an ex-judge that we use as director of investigations also, so we do have the ability to expand the capacity.

Most of the investigations, like the carry-forward, have already been completed, and I'll be reporting on them. I've also expanded the number of investigations this last year under my own motion dealing with the associated corporations, and I've gone back to 2012 candidate's constituency annual filings, so there's been some there also.

Once we've cleared the historical reporting and those investigations, I think the numbers will decrease dramatically. There will be a ramp-up around each election period. You know, before and after there are always further requests that come in, and most of those will be a little more expansive an investigation. If you're dealing with third-party advertisers, if you're dealing with certain ones like that, there is a little more depth in them, and that's where we'll seek external counsel and support.

**Mr. Eggen:** Thank you. Well, as a supplemental – I think you already kind of answered it, but, you know, if there is any way within this budget process that we can assist you to have timely resolution to these noncompliance cases, we'd certainly like to help you with that.

**Mr. Resler:** Absolutely. Thank you.

**The Chair:** Thank you, David.  
Sohail.

**Mr. Quadri:** Thank you, Chair. I found that the presentation was very comprehensive. I think it was a great presentation. Actually, I'm just wondering, the election cycle is spread over four years, and I just want to understand clearly: you are asking for about \$518,000 for travelling? I think there's a page here.

10:00

**Mr. Resler:** Yes.

**Mr. Quadri:** Can you give me more explanation on that or just enlighten the committee?

**Mr. Resler:** Most of the travel, as I stated previously, is election related. We'll have a reduced amount with the enumerators, who in urban areas are not paid for travel. They are in rural areas, where they're travelling vast distances and get the same kilometre rateage that the public service receives. The returning officers themselves will travel throughout their constituency association. They have to look at all the communities, drive through them, see where there's growth, see where there's new construction, see what's going on, identify polling places, all those other activities on the map and list review and then at the general election stage, too. There's a considerable amount of travel that goes on. Also, there will be training held in Edmonton and Calgary in which all office staff will participate, so there's the cost of hotels, the cost of the mileage coming in. Sometimes there are flights involved. That's most of it, but really the bulk of it is during the election period itself by, you know, up to 20,000 staff, right?

**Mr. Quadri:** On page 9, explanation of changes, it states that it increased by \$64,000 the budget for auto travel because it was underbudgeted in the 2012-2013 election budget. Can you elaborate on what RO travel entails, and can you also show that it will not go over the election cycle?

**Mr. Resler:** Well, the overexpenditure in 2012 was just – they did not budget appropriately to begin with. They underbudgeted as far as what was required by the returning officers. Specifically, as far as the different types of travel – anything?

**Mr. Dennis:** Well, you've already said the travel around door-to-door enumeration.

**Mr. Resler:** Actually, with 2012, just to refresh myself there, we had a full door-to-door enumeration, so the value of travel there would have increased substantially compared to what we encountered before.

**Mr. Quadri:** You know, I just wanted to double-check this. On page 1 under advertisement, it is \$3.3 million?

**Mr. Resler:** Yes.

**Mr. Quadri:** Wow. So that is for engaging the public, entailing advertisements?

**The Chair:** Sorry. Two very excellent questions, but that was two questions, so I have to move on. I apologize. Really excellent questions.

**Mrs. Leskiw:** Thank you for coming, and thank you for your great report, but wow. In the reality of what's going on here, I'm going to ask just a simple question. If you don't get an increase, maybe like everyone else isn't going to get an increase, can you see yourself living within the restraints of what's happening right now without an increase? Where could you see savings in order for you to make it through the next election cycle? I mean, I'm talking about reality because it could happen, so you need to be prepared for a reality check.

**Mr. Resler:** And then my question would be: are you basing the increase on a budget of four years ago and what we're asking for now?

**Mrs. Leskiw:** No, I'm just basing on realities, asking: dollars and cents.

**Mr. Resler:** Yes. The increase from four years ago is just \$2.8 million. Probably the first thing I would ask is whether the senatorial selection is required. There would be a cost savings right there.

**Mrs. Leskiw:** That's a good question.

**Mr. Resler:** The other one I'd look at is the targeted enumeration process, whether that is necessary, or is that something that could be cut? I would have to hire additional registration officers in the polling places to accommodate increased activity for those staff members, but that could be a reduction. Then we would also look at, probably, advertising, maybe cut out the radio advertising because there's more value in television because it has a broader scope and reach out to stakeholders.

There would be a few other things. The budget as presented we're still working on as far as where we can achieve efficiencies. As I stated previously, we've been working with Edmonton public school board on IT equipment. We're already able to achieve their cost savings as far as the reduced prices they are charged by these companies, and we're looking at opportunities where we can cost share. So we're using it for a day. They can pay half; we can pay half.

**Mrs. Leskiw:** I'm happy that you're looking at all scenarios: if this happens, then this is what we'll do. That's good. The other question that I was going to say. You're talking about flexibility and what you can do and that you need to have legislative changes. If we were successful in bringing some of these suggested changes that you've asked for in the spring session, would that be quick enough in order for you to be able to implement them for the 2016 election?

**Mr. Resler:** If it's approved in spring and the election is in the following spring?

**Mrs. Leskiw:** Yes.

**Mr. Resler:** Those are some scenarios there.

**Mrs. Leskiw:** Yes.

**Mr. Resler:** I think we can. I think we can make some of those changes.

**Mrs. Leskiw:** Will you be bringing up those suggestions to us so that we can bring them forward for you?

**Mr. Resler:** Yeah. We can bring additional things forward, yes.

**Mrs. Leskiw:** Okay. Thank you.

**The Chair:** All right. The two of you should set up a meeting, I think.

All right. I have David and then Richard.

**Mr. Eggen:** Yeah. Thanks. The question I have is about the regulation on campaign advertising for the authorization tag. My understanding – and correct me if I'm wrong – is that it's now changed so that it has to be 25 per cent of the material that's being produced. So let's say that you had a billboard, and 25 per cent of that "authorized by" is going to be, like, three feet high on the billboard. I don't know how you feel about that. Obviously, you can read my tone on this, that it seems a little excessive. I don't know what you think about that.

**Mr. Resler:** It has to be legible, readable. So if I'm driving by and I see a yard sign that says, "Elect a certain candidate," and I have no idea who is sponsoring that advertisement, that is where we have the issue as far as the guidelines. The 25 per cent – you know, you'll have the candidate's name as the large print. You may have other information on there that's reduced print. So we're looking at what is the average of that. I don't believe it is unreasonable, and those are conversations that we can have with the parties and that I intend to have with the parties and follow up with all of them. There really was only one party that was fully compliant during the by-elections. A second one was close. All other parties had issues with their advertising. But the public does have a right to know who is sponsoring those ads.

**Mr. Eggen:** Certainly, I totally agree with that. I'm just trying to think on a practical level, and I would ask each of my colleagues here to just imagine, you know, what 25 per cent really looks like.

**Mr. Resler:** But it is, you know, what is readable in the manner in which you're advertising. If it's a yard sign and you're walking by or on a quick drive-by, you should be able to see that there is text at the bottom. If you're walking, you should be able to read it as you're walking by and not have to look down and squint at it. It's no different than the big billboards out there. It doesn't have to be the large text, but it has to be enough that if you're driving, the audience that you're attracting with those billboards is able to read that print.

**Mr. Eggen:** Okay. Thank you.

**The Chair:** Okay.  
Richard.

**Dr. Starke:** Well, thank you. I just need a clarification on this. You know, you mentioned senatorial selection, that that could be one area of potential savings. I just need clarification on this. I mean, three Senators were selected in the last process; two have been appointed. The third one: for how long does his election remain valid? Like, how much longer does he get to be a Senator-in-waiting before he is no longer waiting and then we'd have to redo it if a vacancy came up in the Senate?

*10:10*

**Mr. Resler:** I don't believe that there is an expiry. I think that historically they have looked at it as far as the number of years in which they have been waiting and whether it's still current. So that occurred in 2012. I don't think there's an issue. The legislation itself, I believe, expires at the end of 2016. They may choose to do nothing and let the legislation lapse depending on what they're choosing to do with it.

**Dr. Starke:** I guess my thought process in that is as long as we don't get any more senatorial vacancies – and it sounds awful, but we still have one on the bench waiting to go out. You know, I guess I'm kind of like you. If we didn't have to have a senatorial selection in the next general election, I think that'd be just fine, thank you very much.

Anyway, on to the budget thing. I want to zero in a little bit on the materials and supplies because you identified it. Of course, this is the item that had the 4000 per cent increase, but when you compare it to the last election, it's a paltry 364 per cent increase, so it makes us feel a little better. You had mentioned that a big chunk of that \$2.1 million is computer equipment at \$1.2 million. You listed off 700 laptops and 300 desktops and that sort of thing.

Are we buying all of this stuff? Are we renting it? Could we borrow it? Is there a cheaper way to source this stuff?

**Mr. Resler:** We're looking at all avenues as far as to how to source it.

**Dr. Starke:** Okay.

**Mr. Resler:** We have in the past used kind of older, refurbished equipment that is four or five years old. It all depends on how the equipment is being used. We're looking at Service Alberta as far as even obtaining them for free plus the cost of any changes. There is cost associated. It's older equipment. It may not have certain components that are required, so is it cheaper to buy the new ones compared to rebuilding the old ones to bring them up to the standard? But we're looking at it. To ensure that we have full functionality, we're looking at all methods. Laptops, the refurbished ones, aren't so good. Laptops don't have the vigour that a desktop does after four or five years of use. But we are looking at cost sharing, or we purchase them and use them for two general elections. You have that scenario, too. So we are looking at different options – the school boards, whoever else has the purchasing power – where we can have a cost-sharing arrangement and use it for both purposes.

**Dr. Starke:** Like I said, I would really encourage that. If we could go to the largest school boards and say: are they planning on doing an IT buy in the next – could we partner with you? We can use the computers for – what is it? – two months, three months . . .

**Mr. Resler:** Some only four days.

**Dr. Starke:** Yeah.  
. . . then after that they're yours.

**Mr. Resler:** Yes. Exactly.

**Dr. Starke:** You know, it would strike me that – and then my next supplemental was with regard to tabulators. Please tell me that they're not the same ones that were used in New Brunswick.

**Mr. Resler:** They are not the same ones.

**Dr. Starke:** Okay.

**Mr. Resler:** They're actually a newer version. The ones in New Brunswick – we were at the general election in New Brunswick. We participated and observed there. There were no issues with the tabulators in New Brunswick. It was a piece software. The tabulators worked. The tabulators reported the results, and once the results were reported to the head office, the software that took the results to the website – the transfer to the website, the encryption, de-encryption – is where it failed. The tabulators worked just fine.

**Dr. Starke:** Good. Thanks.

**The Chair:** We have David, and then the wrap-up.

**Mr. Eggen:** Yes. In your annual report, concerning third-party advertising – correct me if I'm wrong – advertisers are only required to file a third-party annual advertising report if a surplus was reported in 2012. First: is that true? Then: why is that the case?

**Mr. Resler:** That is correct, and it's required because it is legislated. There's money that exists in the account with the third-party

advertisers. So it's continually reported, no different than any other political stakeholder that has financial reporting responsibilities. We're continuing with the money to ensure that it's reported. They can continue. They have the account and the registration set up, and they're ready to go for the next general election if they wish.

**Mr. Eggen:** Okay. I just see this as somewhat problematic. You know, at that point in time someone has a surplus, but in the subsequent years – now we're two years and a bit after – we're not seeing a report submitted from those third-party advertisers just because they might have not had money in the bank for that particular moment. Then anything could have happened after that, don't you think?

**Mr. Resler:** Well, they're also able to raise additional contributions and build for their long-term approach to the general election. They have the same capacity, no different than parties, constituencies.

**Mr. Eggen:** Right. But I'm just talking about, you know, for transparency's sake, right? We don't get to see that from them, do we?

**Mr. Resler:** Well, the original money that existed, yes. That was reported as far as where the contributions came from and the dollar amounts. That was reported. Any new contributions would also be reported as far as who is providing those funds. So there is full transparency.

**Mr. Eggen:** Thank you.

**The Chair:** Okay. Richard.

**Dr. Starke:** Yeah. Thank you. I'm just looking at some numbers here, some historical data, and I just have some questions, Glen. You know, I appreciate that you've parsed out from the last election that there were specific election-related expenses. What I did is that I went back and related back to the corresponding fiscal year that we're talking about, which was 2011-2012, but I also noticed there was a big bump in 2012-13. I'm assuming – and correct me if I'm wrong – that there were expenses related to the general election that were spread over two fiscal years for the last general election cycle. Correct?

**Mr. Resler:** Yes. There are expenditures across all four years. That's part of the difficulty in the comparisons . . .

**Dr. Starke:** Correct.

**Mr. Resler:** . . . partly the reason why the enumeration, the '11-12 part, is the enumeration for the election in '12-13.

**Dr. Starke:** Right.

**Mr. Resler:** So, yeah, we tried to as much as possible, no different than with the materials and supplies in the year that we provided as a comparison. There was zero expended on materials and supplies because they were purchased in prior years.

**Dr. Starke:** Okay. So then my question is: is the number that is included in the budget for this year assuming that the election will occur in this fiscal year, so you would then assume that the overall costs in, let's say, the 2016-17 fiscal year will be a significant drop-off again?

**Mr. Resler:** Yes. That's exactly it. We don't know when the election is going to be called.

**Dr. Starke:** Of course.

**Mr. Resler:** It's going to be anywhere between March and May.

**Dr. Starke:** Right.

**Mr. Resler:** So for 2015-16 we estimate all events – the map, the list, the review, the enumeration, and the election – being completed prior to March 31. If the election was held in the subsequent year, two of the events would be in there. The partial election as far as the cost would be there, and then the carry-over in 2016-17. If all were held in the current year, the 2016-17 target would drop probably another \$20 million – right? – because all the events would have occurred in the prior year.

**Dr. Starke:** Yeah. The reason I ask that is because, you know, when I look at '11-12 – and I'm not talking about in this case here the supplementary estimate – there was a budget of \$25.7 million, and in '12-13 it was \$20.7 million, so I add that up and say: well, that's about \$46 million for those.

**Mr. Resler:** Yeah. And some of that would have been duplicated budgets depending on – are you on actuals or budget?

**Dr. Starke:** Well, I'm looking at budget. So you're saying that some of that \$25 million would have then been carried into the following year?

**Mr. Resler:** Yes.

**Dr. Starke:** Okay. Thank you, Chair.

**The Chair:** Any more? Okay, Steve.

**Mr. Young:** Do I have time?

**The Chair:** Yeah. A little bit.

**Mr. Young:** Okay. I just want to touch on the IT thing and ask the question: are we working with other legislative offices in terms of shared services? Also, is the Legislative Assembly itself a stand-alone IT operation? Are we working with those groups collectively to either buy or service or just with ongoing management of the data requirements?

**10:20**

**Mr. Resler:** With the Leg. Assembly there's very little interaction between the two offices. A lot of that has been separated at the request of the Assembly. There are some cost-sharing initiatives, if you want to call them that, between other provincial election jurisdictions. We have an election management system; we initially commenced the original build. There are other territories, provinces that use that database. Any changes that are made we share. So, then, if I was to make a change, they could get it for free. If they could make the change, we can receive it for free. We do work together on that. There are opportunities.

**Mr. Young:** Okay. My other question. It's a challenge to budget because there are several variables. I mean, we sort of have a pretty good idea of when the general election is going to be. At least, it's narrow. But year over year there could be by-elections. On any budget year there's a baseline. If we're going to have one by-election or two by-elections and we sort of have a multiplier by each one of those factors, then it almost seems that you should

have – I think your point is very well taken. To be fair, you have to compare to an election cycle year rather than the past year. What is the impact of an election year versus the baseline year, and what is the impact of a by-election should we have another two next month?

**Mr. Resler:** I hope not.

**Mr. Young:** I know. It's mostly out of an accounting multiplier. What is the impact of those?

**Mr. Resler:** In a normal year we budget for three by-elections. During an election year we don't budget for the by-elections because normally, if a by-election occurs, there's a likelihood you move to a general, depending on the timing of it. But, you know, if a by-election doesn't occur, they're unexpended, and it's not used.

If we in an instance go to four by-elections, that type of thing, we have to look to see – it depends whether it's urban and rural, too, because there are different cost factors in each one of them.

**Mr. Young:** Okay.

**Mr. Resler:** If we don't have the funds, we come before the committee and ask for supplementary funding, and that's the way we manage. It's just what is an estimate, and that's the base that we use.

**Mr. Young:** Just as a really average statement, what is a by-election effect on your budget as opposed to not?

**Mr. Resler:** Well, the three by-elections we have at \$840,000 in the budget.

**Mr. Young:** Okay. They all ran together.

**Mr. Resler:** Yeah, and there are cost savings because they were all at the same time, too.

**Mr. Young:** Okay. Thank you.

**The Chair:** Okay. Wonderful.

Well, thank you very much, Mr. Resler – that's the end of the questions on the hot seat – and Mr. Westwater, Ms Johnston, and Mr. Dennis for your presentation this morning and for responding to the committee's questions.

For your information, the committee's decisions on the officer's budget will be sent out next week.

**Mr. Resler:** Thanks very much.

**The Chair:** Again, thank you for coming.

Everybody here will take 10 minutes and be back on the record.

[The committee adjourned from 10:23 a.m. to 10:34 a.m.]

**The Chair:** All right. Welcome back. I'd like to welcome our Ombudsman and Public Interest Commissioner and staff from those offices to the meeting.

We'll take a minute to do introductions of the members, staff, and guests at the table first. I'm Matt Jeneroux, MLA, Edmonton-South West, chair of the committee.

**Dr. Starke:** Good morning. Richard Starke, MLA for Vermilion-Lloydminster and vice-chair of the committee.

**Mrs. Leskiw:** Good morning. Genia Leskiw, Bonnyville-Cold Lake.

**Mr. Quadri:** Good morning. Sohail Quadri, Edmonton-Mill Woods.

**Mr. Wilson:** Jeff Wilson, Calgary-Shaw.

**Mr. Young:** Steve Young, MLA for Edmonton-Riverview.

**Mr. Miles:** Ted Miles. I'm the director for the office of the Public Interest Commissioner.

**Mr. Hourihan:** Peter Hourihan, Ombudsman and Public Interest Commissioner.

**Ms Richford:** Suzanne Richford, director of corporate services.

**Mr. Loran:** Joe Loran, the Deputy Ombudsman.

**Dr. Brown:** I'm Neil Brown, the MLA for Calgary-Mackay-Nose Hill.

**Mrs. Sawchuk:** Karen Sawchuk, committee clerk.

**The Chair:** Great.

Mr. Hourihan, you are in the unique position of reporting on two independent offices. I'd suggest that you proceed with your presentation for the office of the Ombudsman first, if that works for you, followed by your presentation for the office of the Public Interest Commissioner. I'll open the floor to questions from the committee when you complete your presentation for each office. We've given you a combined total of 30 to 35 minutes. I hope that also works. Go ahead.

#### **Office of the Ombudsman, Public Interest Commissioner**

**Mr. Hourihan:** Well, thank you, Chair. I do have my presentation broken into both parts. I'll stop after the Ombudsman piece, and I'll let you ask questions and go from there.

Just a little overview briefly, to start with, of both offices because we are joined. Overall, we have a total of 33 employees. In terms of Ombudsman personnel we have 25. Eighteen are here in Edmonton, and seven are in Calgary. There are eight public interest disclosure employees, six in Edmonton and two in Calgary.

The offices share administrative and corporate activities. This includes myself, administrative support, finance, human resources, IT, legal counsel, communications, and, of course, the infrastructure. The operational and investigative units for both offices, however, operate independently of each other. The co-location has enabled us to maximize our efficiencies. Operationally it works very well as well.

Turning to the specific offices, as the Ombudsman I'll start with the annual report, I'll move to the strategic plan, and I'll close with our budget presentation. Then I'll follow up in a similar fashion for the Public Interest Commissioner side.

Our core function is helping Albertans navigate bureaucracy when they complain about unfair treatment by the provincial government or other provincial authorities. We experience first-hand the frustration many Albertans have by the time they contact our office with a complaint. We have some expertise in demonstrating to the bureaucracy where it may have gone off track when it comes to handling a complaint in an unfair manner and making recommendations to help it get back on track. Likewise, we provide an objective perspective to complainants who have been treated fairly.

Certainly, those who complain to our office often feel that they're caught in a maze of government bureaucracy. That's why

we've chosen navigation as the theme for our annual report this past year. Our aim is to continually serve as a value-added point of contact for Albertans and the public service they interact with and which we investigate and to help Albertans navigate their way through the maze while assisting government and other authorities to improve their processes, systems, and policies.

One way we've done this is through improving our awareness. This past year our priority on that front has ramped up. We visited several communities to hold formal presentations and informal ones and provided opportunities for Albertans to make appointments with our investigators to discuss a specific complaint or concern face to face. Last year we visited Grande Prairie, Peace River, Lethbridge, Medicine Hat, Red Deer, and Lacombe. Most importantly, we're beginning to see a return on these visits.

As you'll see in the Ombudsman annual report on page 51, awareness of our office appears to rise in communities following our visits. For example, in Lethbridge and Medicine Hat both written and oral complaints rose from eight complaints one month before our visit in May 2014 to 43 one month after. The trend is not limited to the immediate aftermath of the trip. For example, in 2012 over the same one-month period oral complaints were at six. A year later, over the same period in 2013, they were at 36. Moreover, if we look six months back before our trip, written complaints in Lethbridge and Medicine Hat were at 22; six months after that, they hit 33. These are pretty limited statistics, but we do watch them and want to continue to do so. You'll also note on the same page that we've got similar figures for a 2013 trip to Grande Prairie and Peace River by way of comparison.

There has been an upward trend in terms of generating calls and interest in our office. Our visits are making a positive impact in terms of helping build awareness around the province, and this is important, especially in a province that's growing and where new people are coming all the time. We've received numerous comments from people in these communities. They've told us how beneficial it was to meet face to face in their home community. It benefits our investigators as well for the same purpose. In some cases we've been asked if we're considering having a full-time office in the area. That's not in our plans, but that's the interest that we have generated.

I and various investigators also toured all 10 provincial correctional centres last year. The reasons for our trip were varied: to see the similarities and differences between the 10 province-wide facilities, to meet inmates, facility employees, and directors to discuss correctional operations. It can be very challenging for everybody, for our investigators, to assess policies and procedures and to understand the challenges of the environment – and that's a very dynamic environment – without a first-hand look at a facility.

#### **10:40**

Our interactions with correctional centre related complaints continue to be significant, so it's important. For example, in 2012-13 our office received 83 written complaints involving provincial correctional services. Those provincial correctional services complaints rose in 2013-14 to 109.

The tour was a significant success as our investigators and inmates had significant contact as well, which is important. It was also a success for staff at the correctional centres, who better understand our role just in terms of seeing us there, in terms of talking to us while we're on the various visits. I am certainly considering doing this type of an outreach on a more regular basis.

On another front we continue to improve the efficiency of our investigations. Four years ago our office completed 140 investigations. Of those, 68 were less than a year old. Last year we closed 185 investigations, and 120 of those were less than a year



old. These are encouraging statistics. They show that we're making progress managing our investigations more efficiently while taking on an ever-growing number of cases.

Our core function continues to be the investigation of individual complaints and seeking opportunities to make systemic change where required. Our special investigative unit, called the own-motion team, has also been hard at work. This team conducts systemic investigations under our jurisdiction. The team is currently wrapping up three investigations. One is exploring the issues identified with the Citizens' Appeal Panel and the Department of Human Services. Another investigation is exploring the delivery of health care at the Edmonton Remand Centre, and this report has been submitted to AHS, the Minister of Health, and Alberta Justice and Solicitor General just this past week. As well, the third investigation is reviewing the disciplinary hearing process for provincial corrections.

These types of investigations are important. They allow us to explore issues and make wider ranging recommendations to improve systems we may not have otherwise been able to do through individual investigations.

I have also been trying to encourage a third option for investigations, and that's the ability of a minister or a committee of the Legislative Assembly to request an investigation. The last such minister-ordered investigation was in 1995. I'd like to see this occur more often. What better way to demonstrate transparency and accountability than to request an investigation by the Ombudsman into an issue or concern facing government or Albertans on a broader scale.

Our annual report includes a snapshot of our workload. This is on pages 40 and 41 of the annual report. Oral complaints are at 3,847. This is up 14 per cent from '12-13. Our written complaints rose as well over the past fiscal year, from 908 to 1,008, an increase of 11 per cent. This is the first time that our complaints have gone over a thousand since back in 1995. Our awareness-building efforts have contributed to the rising numbers. As I noted earlier, we've made a serious effort to reach out and visit communities across Alberta and want to continue to do so.

Of the 1,008 written complaints, the most common involved, similar to in past years, Justice and Solicitor General at 171 – that's broken up between 109 with correctional services and 46 related to maintenance enforcement, the main ones – Human Services at 148, which includes child and family services at 43, aids for the severely handicapped, AISH, at 27, the appeals secretariat at 19, and employment supports at 32; the Workers' Compensation Board at 54; the health professions at 52. This includes the College of Physicians & Surgeons of Alberta at 36 and the Appeals Commission for Alberta workers' compensation at 30. Those are sort of the higher contributors to the workload that we have.

In terms of moving from the annual report to the strategic plan, the strategic plan continues to be a collaborative effort by all employees in our office. Every employee is on one or more of our committees to move forward. This is important because all staff are able to see themselves and their work reflected in the various priorities and goals that we set and work towards achieving. We continue to focus on specific strategic priorities though this year we've made some modifications. Going forward, we're going to focus on enhanced awareness of the Alberta Ombudsman office, service excellence, technology, and finally, review of legislation.

In terms of awareness we're not convinced still that enough Albertans know about us or our services, so our plan is designed to continue to help us address the awareness people have of our office and our services across the province. We'll continue to visit communities, providing opportunities for Albertans to meet face

to face with investigators. Indeed, we have continued visiting communities this past spring, summer, and fall. This includes regular meetings with authority and department heads, MLA constituency office visits as necessary, and others as the need arises.

We've also introduced an electronic newsletter. We're distributing this quarterly to front-line contacts and decision-makers who work with the entities we often deal with such as the AHS patient concerns officer, that sort of thing. We also send this newsletter to MLA offices. Hopefully, you're familiar with it. The newsletter highlights best practices and positive interactions we've experienced with departments and authorities, with the goal, of course, to help those in government follow these examples. Where possible or necessary we've shone a light where things didn't go right but where lessons can be learned.

Also, we started reaching out to Albertans through social media. We launched a Twitter account this past July, and it's been a useful tool to share information about upcoming trips and visits and share our Ombudsman and whistle-blower related news and observations. We're going to continue to explore other social media opportunities and ensure we're connecting appropriately and effectively with those we serve. We do also plan to survey Albertans over the coming year to more accurately gauge both the effectiveness of our awareness efforts and determine where there may be gaps.

In respect of service excellence we continue to focus on improving investigative competence, knowledge, and expertise in government activities, policies, and services. Much of what we do in terms of our value-added services has come from almost 50 years of experience. Over that time we've built significant institutional knowledge as well as internal resources. So if we can help a complainant with an investigation, we draw on that expertise, but if we cannot, we still tap into our databases and ensure complainants are steered in the right direction. That's a significant portion of the service that we provide. What we continue to focus on in this regard is a sound mix of performance measures designed to improve investigative performance.

We also began the implementation of a new case and records management system this past year. It's now in place for both offices. What drove that was the need to replace an older system that was causing significant difficulties, which we had purchased and were using from the British Columbia ombudsman office, and also to move into a system as the Public Interest Commissioner side needed something as they were implemented and put in place. This new system helps us better track and analyze our cases and interactions with callers to the office, whether jurisdictional or not. We continue to analyze our intake calls and identify appropriate strategies to deal with those more effectively. We're evaluating and monitoring our investigative outcomes to track trends and make improvements where necessary. The new system helps with that significantly.

Technology continues to be a key priority. We've put in place strategies to help us ensure that we use technology properly and, where possible, to maximize efficiencies in investigations and analysis and also to keep our costs in check. As I mentioned, we have in place a new case management system. We're going to refine that system to ensure it continues to meet those objectives that we have. We're also going to work at implementing technology identified in our needs assessment as that progresses and review and implement it as necessary.

The legislative review is a new strategic priority for our Ombudsman office. As you know, the governing legislation is the Ombudsman Act. It's been in force since September 1967. While it's undergone some amendments over the years, most of these

have been reactive to external changes such as the introduction of the Freedom of Information and Protection of Privacy Act and that sort of thing. These amendments haven't reflected changes to the work and jurisdiction of parliamentary ombudsmen offices but have reflected other requirements of changes.

What's more pressing is that there has been no major overhaul of the Ombudsman Act. We feel it's past time to modernize it. We want to ensure that it meets the needs and expectations of Albertans today and remains well-positioned to meet the needs into the future. In our view, such an act should include a purpose statement, clarity of authority in areas such as the powers to mediate, to investigate ministerial administrative decisions, and to address merits of decisions under investigation as well as contain a periodic review requirement as other acts do.

The timing of this makes logistical sense as well. The Public Interest Disclosure (Whistleblower Protection) Act, the governing legislation for the Public Interest Commissioner, is set to be reviewed commencing in 2015, and hand in glove this might be a good time to review the Ombudsman Act.

Now, I can turn to the budget in terms of the Ombudsman. Our budgeting process is results based, and each year we review our activities to ensure they remain meaningful and are tied to our strategic plan. For 2015-16, as you can see, the Ombudsman office is requesting an operating budget of \$3,593,000. This is an increase of 7 per cent, or \$244,000, over the 2014-15 budget. Just for some history, in 2013 we had an increase in our budget. In 2014 our budget was decreased over 2013-14. As in previous years the capital budget is not required for '15-16. So this budget request proposal, 2015, includes a \$188,000, or 6.3 per cent, increase from the '14-15 budget.

Historically, personnel costs represent a minimum of 80 per cent of our budget. We are at a full-staff complement now of 25 FTEs. No additional staff have been included in this budget presentation. We were originally looking at adding one more full-time investigative position to the office. Recognizing the financial situation here in Alberta currently, we removed this from our submission prior to our process. That would have cost us about \$110,000, and we felt that it was more prudent at this time not to include it.

**10:50**

Just to reflect on the number for our request there, in '14-15 all staff received an unbudgeted 2 per cent cost-of-living increase, which is reflected in the '14-15 and '15-16 variances. To ensure accurate budgeting, the base for the '15-16 salaries budget is the forecasted actual salaries for all active staff at March 31, 2015. The authorized 2.25 per cent cost-of-living adjustment and the performance merit increase, which is going to average 3.6 per cent, are added to this base.

As highlighted earlier, the Ombudsman and the Public Interest Commissioner's office share office space and corporate and administrative duties, which is advantageous to both offices. The net personnel cost of this arrangement is reflected in each office's budget, a reduction for the Ombudsman, an addition for the Public Interest Commissioner of those costs that move over there. In '14-15 that's \$97,000 in that area, and in '15-16 that's \$119,000. This increased net budget is due to just additional shared services and higher salaries for '15-16.

The supply and services budget for 2015-16 has been increased by \$56,000 primarily due to the following – and I know you have the notes on the page of the different notes to the statement. This is largely due to awareness and intake tours. These tours continue to be successful. The '15-16 budgets for advertising, rentals, and

contract services have been marginally increased to ensure adequate funding for 12 planned tours.

Technology. I'm very pleased with the initial success of our legislative officers shared services environment. We started on that when we needed new servers, and four officers are now sharing those servers, and that's been a significant cost, probably to the tune of about \$100,000 at minimum, not to mention that it's enhanced our user functionality, security, integrity of data, and business interruption capabilities and reduced cost to each of the offices. The offices are the Ombudsman, the Public Interest Commissioner, the Ethics Commissioner, and the Child and Youth Advocate. The cost savings for this environment are incorporated into the '15-16 budget. The marginal increase for technology services is for enhancements to our website and our case-tracking records management system, which are not in that particular legislative officers shared environment.

The forecasted surplus for 2014-15 is \$42,000. We've tried to do what we can to make sure that we accurately forecast our needs and accurately request what we need. The '13-14 actual surplus was \$260,000. That was due to staffing difficulties and issues the year before, and we were only at 86 per cent of our full budget there, so that went back. It was important at that time, and we were able to ramp up and get to where we needed to be this year. It included 3 per cent of COLA not awarded to staff. For '14-15 we are forecasting staffing at 93 per cent of full complement, unbudgeted 2 per cent COLA for all staff, and additional unbudgeted set-up costs for the shared IT environment.

That concludes my Ombudsman's side of the presentation, so I can answer questions, certainly, in that regard.

**The Chair:** Sure. I'm kind of of the opinion to just keep going with the others, but I'll ask the committee. Do you guys want to keep going? Yeah? I'm seeing lots of head nods around, so we'll do the Public Interest Commissioner, and we'll do questions at the end if that's all right with you.

**Mr. Hourihan:** Absolutely. Okay. Again with this one I'll start with the annual report and move to the strategic plan and end with the budget presentation. Our office began operations on June 1, 2013, following the passage of the Public Interest Disclosure (Whistleblower Protection) Act. Our role there is to facilitate and investigate allegations of wrongdoing and protect public servants who disclose wrongdoings within the public sector.

Our jurisdiction has a little over 400 entities. This includes the government of Alberta departments and agencies, boards, and commissions as well as postsecondary institutions, health-sector agencies, including AHS, and school authorities. Physicians are also covered by the act. In fact, 89 per cent of Alberta's physicians are covered by the law. According to an AHS update provided to our office in December 2013, that amounts to 9,173 physicians registered in Alberta.

One of our larger aims is to promote a culture within the overall public sector that encourages public servants to report a wrongdoing in the workplace and for managers and supervisors to encourage and respond positively to those disclosures. Indeed, this purpose is the most important one, and we recognize that it's going to take some significant time to achieve.

Employees and potential whistle-blowers are protected from reprisal if they share information with us that could not otherwise be made public. This means a whistle-blower can share information with us that would otherwise be kept under wraps such as through nondisclosure or confidentiality agreements. The act contains fines that can be levied to people that withhold information or make false or misleading statements. We do accept

anonymous disclosures of wrongdoing. I would prefer to have the ability to speak with the complainant to get full details; however, we recognize the stress and strain on whistle-blowers and reluctance to come forward because of the fear of reprisal.

This fear of reprisal is a significant issue that's difficult to overcome, and we want to ensure that we can do what we can to assist in that regard, so we're going to be monitoring the frequency of anonymous complaints to get a better understanding of the reasons for anonymity as it can be a significant indicator of fear of reprisal.

Some of the last year's statistics are included in our annual report. I should state that our annual report last year reflects 10 months of operation because we started in June and ended in March. If you look at page 44 of the report, you'll see our presentation of statistics as required under the act under section 33(1). Over the reporting period our office received 132 inquiries that resulted in file creation. In there we received five disclosures, and all were acted on. Following an internal analysis three were referred back to the chief and designated officers and the government of Alberta and Alberta Health Services for further action, inquiries, that sort of thing. Two were investigated by our office. One of those investigations involved allegations of wrongdoing related to the purchase and deployment of computers by Alberta Health Services. We concluded that investigation this past summer and reported publicly on our findings. I'll touch on that investigation shortly.

The other investigation involved a workplace issue disclosed to our office in October 2013. After analyzing and investigating the surrounding issues and files and investigating the complainant-related staff, our office determined that the threshold for wrongdoing had not been met. However, the disclosure highlighted issues and concerns in the workplace, and we communicated those to the organization's leadership to help relieve the situation.

Because this is our first annual report, we also took care to establish and communicate some issues that we identified through the course of the first 10 months of operation. One such issue involved the notion of determining what constitutes a wrongdoing as defined by the act, as compared to something that's just wrong in the workplace. The act defines wrongdoing as an illegal act, an act or omission that creates an imminent risk to the health and safety of individuals, a specific threat to the environment, gross mismanagement of public funds or gross mismanagement of a public asset, or knowingly directing or counselling those activities.

As you can see, it involves serious matters that occur over and above workplace, human resource, or management issues that might occur. At first glance it might seem like it's a clear-cut definition. However, our experience to this date is far from that, and with potential whistle-blowers it certainly is not a clear distinction.

In fact, we note that many have had difficulty understanding the difference between a wrongdoing and a wrong. We get questions to that effect, with employees wondering if they ought to report their concerns to us or to their designated officer or where else. Many people presume the act deals with something that's just wrong, like a breach of policy, a code of conduct issue, or matters that might more properly fall within human resource management within an entity. Indeed, there are many that believe it should include those activities as well. Of course, I only have the authority of the act. In this respect, there's nothing to stop me from making comment where I see something was wrong – in fact, I think it's imperative that I do – yet it's less than a wrongdoing, with the expectation that the public sector will change.

As I mentioned, we released the results of our investigation into the \$10 million procurement of computers and a further \$4.4 million deployment of those computers. The whistle-blower alleged that AHS' purchase was made under questionable circumstances and stored for unknown reasons, resulting in costs and expired warranties. Our investigation looked into whether the purchase constituted gross mismanagement of public funds and whether or not the delay of the deployment of those computers constituted gross mismanagement of public assets. It was a good example of making comment on a matter. There were things that were done, clearly, that were wrong, yet they did not meet the threshold of wrongdoing as I have explained earlier.

What we found was that while there was no determination of gross mismanagement, our investigation identified decisions that were poorly executed. We communicated those findings publicly and back to AHS, and overall it was a positive experience in that regard. No, we did not find that wrongdoing occurred, but consider this: a whistle-blower came forward internally and then publicly, allegations were investigated internally as by our office after that and were dealt with, and to our knowledge, and very importantly, the whistle-blower was not reprisal against. Again, whether something is wrong or is a wrongdoing, an employee, from our perspective, shouldn't spend too much time agonizing over the distinction. We can help them through that.

#### 11:00

For whistle-blowers we do urge them to report things internally where possible. At any phase, however, they can contact our office with questions, concerns, and potentially investigation, depending on the circumstances. International best practices and sort of why we say that: the international best practices and research indicate that employees prefer to report internally where possible, yet they require an external opportunity as well.

This ties back to the piece on the changing workplace culture. We want to change to a healthy workplace environment, where disclosures are recognized as opportunities for progress and efficiency, not one of cover-ups and reprisals, where that might happen. Of course, none of this can happen effectively without the necessary awareness. We tried to highlight some of that in the annual report.

The annual report also features an interview with a whistle-blower involved in a disclosure through our office. Again, while the disclosure did not result in a finding of wrongdoing, we were able to make some observations regarding some necessary fixes for the workplace. We thought it important to highlight this individual's perspective. In his words the whistle-blower went from "marinating in frustration" to being relieved that someone took his concerns seriously and recommended corrective action.

Promoting effective and meaningful awareness of the act and disclosure process will go a long way to addressing this issue and others. When I presented our initial budget proposal to establish the office, I indicated that awareness would be a cornerstone of our activities and would be a continuous necessity as opposed to an initial requirement. Over the past year we've launched an awareness campaign aimed at informing approximately 200,000 employees and managers how our office works and what we can do and what we cannot do. Last fall we developed a series of posters aimed at building awareness of the act and our office in their workplace and trying to drive folks to our website, which is [yourvoiceprotected.ca](http://yourvoiceprotected.ca). Over 2,000 posters were sent to provincial entities to display in high-traffic areas: meeting rooms, lunchrooms, those kinds of things. We had e-mails that were prepared to go to employees. More challenges in that regard.

It's been challenging on a couple of fronts. The first, of course, is the sheer number of work environments that we're trying to reach. Even one public body like a university is not one monolithic organization. There are many employees and several different work environments within that one entity. You know, consider a typical college or university. There's IT staff, tenured professors, librarians, custodial workers, office administrators, and they're all spread across various facilities, faculties, and schools.

However, we have made progress. To date all Alberta government departments have received posters as well as postsecondary institutions and every health care facility operated by AHS and Covenant. We're also working to ensure that all the relevant schools and school districts receive them. Of course, all public entities covered by the act are required to also provide internal awareness. It's a requirement of the act. This includes how their disclosure procedures work and who their chief and designated officers are. I'm not yet comfortable that organizations are providing enough awareness to employees. The key to progress in this field is employee awareness and increased employee comfort. I'm going to be watching to ensure that gaps in awareness are not passive-resistant attempts to not address whistle-blowing or, worse, to suppress it.

On this front I would like to report some statistics from last year that indicate that too many public entities covered by the act are not ensuring their employees know how to blow the whistle on wrongdoing. We illustrate this point in the annual report, but I think it bears emphasizing here. While some organizations have made progress reaching out to staff and ensuring that they know who to talk to and what their options are, this has been the exception and not the rule.

If you look at page 46 of the annual report, we tracked 72 government of Alberta agencies, boards, commissions, offices of the Legislature, the health sector, and postsecondary institutions. Of those, 61, or 85 per cent, have identified their designated staff to our office and advised on the status of their disclosure procedures. That's not too bad, but that's not all good news. Of Alberta's 129 private schools only four, or 3 per cent, have properly identified designated staff and policies to their employees, and none of our 94 early childhood school private operators completed this work during the last reporting period.

Clearly, there is much work to be done, and our experience with other departments and entities under the act bears this out. My expectation is that public entities are not only establishing policies and procedures but that they need to breathe life into them as well. It's not enough to simply park a policy or a brochure on an employees' Internet site. There should be effective education and follow-through across the public sector. This means that we're going to hope to see active engagement throughout organizations. That includes employee information sessions, regular communication from leadership to employees, and accessible information about the whistle-blower process in the organization.

We're going to continue to work with the various public entities, and indeed have been doing that since this last reporting period, to ensure that awareness by employees is addressed. We want to continue to lead by example on these types of initiatives, and our strategic plan outlines a plan forward for our office. But authorities have to do their part as well.

With that, I'll slide over to the strategic plan. Last year we presented an interim report, based on the first five months of operation, that proposed some high-level priorities on which to build and adjust. This year, given that we've gone through one fiscal year and a business cycle, we've fine-tuned those priorities. Going forward, we're going to focus on enhanced awareness of

the Public Interest Commissioner's office and disclosure system throughout the act, provide service excellence, and facilitate the review of the act.

I've spoken at length about awareness, which is a significant priority. Over and above what I've mentioned, we will continue to work collaboratively with the chief and designated officers to ensure compliant processes and procedures are developed. We're going to conduct a scan of entities covered by the act to determine who has procedures complying with the act and who does not. We're going to encourage chief officers to widely communicate information about the act and procedures, continue to enhance our website and leverage social media opportunities through the Ombudsman's Twitter feed, and promote the rights and protections afforded to employees through the act by delivering presentations and information sessions directly to employees. Our aim with service excellence is to ensure investigators have the right skills to ensure we deliver the highest level of professionalism, investigations, and interaction with whistle-blowers and the authorities we deal with.

A consistent objective is ensuring our employees possess the necessary training opportunities as well as knowledge, skills, and abilities required to conduct comprehensive, unbiased, and independent investigations. We're going to ensure that investigative timelines are achieved in compliance with the act. Not only do we help ensure the public interest is met, but we promote public confidence in both the act and our office. Further, we'll be as public about our findings as possible, mindful of the confidentiality requirements, of course.

Finally, a review of the act is slated to start in 2015. As mentioned, in my role as Ombudsman I'm also encouraging the initiation and review of that act. Again, they go hand in glove. While Alberta Justice and Solicitor General will be engaged in the act, our office will play a significant role. We've gained some experience in implementing requirements of the act and developing a network of stakeholders. We've gained substantial insight into the act's functionality. We track and analyze various aspects of the act, including jurisdictional and nonjurisdictional calls.

Our plan over the coming year is to host a meeting of key stakeholders to review issues and concerns in consideration of the legislative review. We're also looking internationally for best practices and recommendations. In particular, the United States, United Kingdom, and Australia have developed laws and practices over many years, and we can learn from such jurisdictions. We will collect, document, and collate these issues and prepare an overview for consideration. Finally, we'll provide Alberta Justice and Solicitor General with the necessary assistance to advance this report to the members of this committee.

In terms of our budget presentation for this year for the office of the Public Interest Commissioner, it too is results based and is done in conjunction with the Ombudsman's office and budget to ensure the consistency and efficiencies between the two. For '15-16 the office is requesting an operating budget of \$1,359,000, which is an increase of \$85,000, or 6 per cent, over the 2014-15 budget. Based on the actual results from '13-14, which, again, was 10 months of operation, the '14-15 budget was reduced by 12.7 per cent. We could see where we thought we were going and what we needed to do and felt that that was prudent, and it turned out to be.

The '15-16 budget increase is strictly due to the personnel budget increases, as discussed in the previous presentation, with the COLA increases and the merit increases that are implemented in this particular year. No additional staff requests are included in the '15-16 budget.

The supply and services budget for '15-16, as you can see, has a net reduction of \$16,000 over the '14-15 budget. We've looked at those, and that's where we feel that we can best manage.

The forecasted overall surplus for '14-15 is \$3,000, or 0.25 per cent of our budget. This is comprised of \$32,000 forecasted deficit in personnel costs and \$35,000 surplus in supply and services. We've tried to forecast and act according to the level of our strategic plan and the requirements that we've put into place for ourselves at the beginning of the year.

Thank you. With that, I'm open to questions.

**The Chair:** Great. That's three minutes on the table. For those of you playing along in the room or at home, we still have the commissioner for six minutes of the record.

Thank you for your presentation.

I will now open up the floor to questions. I so far have Steve on the list and Jeff. Go ahead.

**11:10**

**Mr. Young:** All right. Well, thank you very much for your presentation. I'm going to kind of – I know that a lot of this is about budget, but I always like to start off with the strategic and do a similar thing in Public Accounts. Looking at your strategic plan, I see that awareness is a big part of it, not only awareness of your office, of all the systems and doing the tours and talking to the people, but also of your trying to create awareness for Albertans.

Then the other one is service excellence in terms of conducting investigations.

The third one bothers me. It's about technology. You're not going to find a guy who's more into technology than me, but to me that's not a strategic plan. I'll quote my favourite guy, Michael Porter, who said that, you know, technology is an enabling thing, that it is not why your office exists. Your office exists to deliver on the awareness, to ensure oversight of the government of Alberta, to ensure fair treatment. It's not an IT firm. That is a requirement. So I'm just going to point that out, that I don't think technology should be your strategic objective. That's a requirement to do your business, which is to ensure fair treatment.

The other question I have. You take investigations for complaints, and they're resolved in some way. Sometimes you help them through or they find out why it is what it is. But through that whole process and the aggregate of all those tours and information you do, you understand the government system. How do those recommendations feed back to the government, and how do they connect and get acted on? So it's those reports that you mentioned earlier.

**Mr. Hourihan:** Okay. Of course, we have a high level of confidentiality within the Ombudsman Act. When we make recommendations – and just for numbers, on approximately 70 per cent of the files we fully investigate, we tell people that they were treated fairly. On 30 per cent we provide recommendations back to the government, so 30 per cent of the fully investigated files. That's in the vicinity, normally, in any given year of between 100 and 130 or so recommendations back to government. Those go back to the department or government entity that is under our jurisdiction, you know, so Human Services or the College of Physicians & Surgeons or whatever. Those go back there. We work through them with the entity to make sure that they're going to be implemented.

In 98 per cent of the cases those are fully implemented without question, without a lot of fanfare or discussion. On the other 2 per cent sometimes we have to have a chat a little bit longer, and

that's usually between myself and the deputy minister. Also, then the minister gets advised as well of the particular area, what those recommendations are. We keep track of those and make sure that they are implemented. Of course, as files come in, we certainly ensure that those continue to be implemented in all fashions.

**Mr. Young:** Right. And I absolutely agree on the confidentiality around individual stuff. But I guess my concern is – and I think every MLA is an ombudsman, too, because we deal with this all the time and we see these systemic challenges. You're a formal office that sees this. Outside the individual issue, maintenance enforcement, if you add up all of that, there's a common theme. Is that theme captured? What I'm hearing is that it is getting communicated.

**Mr. Hourihan:** Yes, we do. Our goal in an individual investigation is to see if there is systemic repair that is required. We tend to look at each individual investigation from a systemic perspective, which sometimes can slow us down in the sense that we try and, you know, lift more rocks and look under more things. However, the benefit is that one small correction can make a huge difference to Albertans across the board.

However, that said, sometimes individual investigations aren't enough. So we have that own-motion team, and what they do is that they monitor things. This is not a bad segue into your first comment about technology, if I can, but what they're looking at is trying to find ways to look at systemic issues so that we can go out and under my own motion go and look at some of those more systemic things.

The backbone of our operations will always be individual complaints. Of course, the difficulty there or the challenge is that they're very confidential for the individual, yet at the same time we want to make repair in the public service where necessary. So we can do that. But with this own-motion team we can go in and look at them more from a systemic level and try and address some of those wider and broader issues, as we are in the three investigations that they're just completing and a couple more that they're contemplating for this coming year.

**Mr. Young:** Okay. Really quickly, Chair. I think I've touched on your strategy as it relates to what we're trying to do with the individual as it relates to the government department they're dealing with. The other one that I think we haven't had enough conversation about – and I want to know what your role is – is about the silos that we have from one department to the next. In talking to a deputy minister, they're only worried about their silo. Some silos are bigger than others, but then there's another one. So those interdepartmental or interministry efficiencies or processes: have you taken that sort of government-wide, above-all-the-ministries kind of look?

**Mr. Hourihan:** Well, there are a variety of things that you say in there that impact on our office. There's that intermingling of departments, which is a good thing. Now, for example, if a department has a policy, it probably affects a handful of departments because once a small policy there has to change, it affects others, so they have to change, too. So it's good because they're intermingling, and they're concerned with things that are going on between them. The difficulty, of course, is that once there's a change required, it takes that much more work to get it all changed to make sure that it goes through the system, and we do watch that.

A case in point. This is an own-motion investigation that just got released back this week. It involves Alberta Health Services, but it also involves the Department of Justice and Solicitor

General because it's at correctional centres but it's health services. We make sure that we communicate with all parties. Those that are intermingled: we make sure that there's some congruence between them, which has been met wholeheartedly by the people that we've been dealing with throughout those kinds of investigations. So, yes, we watch that carefully.

**Mr. Young:** I see this team happening lots. We talk about case conferencing around an individual, and then we're almost like system conferencing. The individual doesn't care what the department is. They just want to get the services efficiently and not have to be experts in the system and hire a consultant.

I appreciate your comments.

**Mr. Hourihan:** Just to reflect a little bit on the technology, we actually considered removing that as a strategic priority because we felt, similar to what your comments were, that it's part of the fabric of our doing business. However, at this particular time we just implemented a case management system. It's in its infancy. We want to make sure that our critical capabilities are enhanced because they're not to the level we want them yet. Strategically we want to focus our time, energy, and some monies in those areas to make sure that we're doing what we can with that, keeping in mind that technology is all around. We don't need everything shiny. What we need is something that helps us move forward in our critical capabilities and analysis to look at the sort of things that you mentioned in your second question.

**Mr. Young:** Right. Thank you.  
Thank you, Mr. Chair.

**The Chair:** You're very welcome, Steve.  
Jeff is next.

**Mr. Wilson:** Thank you, Mr. Chairman. Thank you very much for your presentation today. I do appreciate it. One of the things that stood out for me was when you were talking about entity compliance and the lack of it. I'm wondering if you can explain what authority, I guess, you have under the act to ensure compliance moving forward or if that might be one of the issues that you are looking to raise in a legislative review.

**Mr. Hourihan:** We're still contemplating, of course, the issues to raise in a legislative review. We will build our experience as we go. We want to try and keep everything sort of in mind for it, so time will tell on that. That's not really our bar or challenges at this point. In spite of the fact that it's been a year and a half, it's still relatively new in terms of things happening.

Let's say for the educational system – this particular act came into place on June 1. Now, it's easy for me to say that we all knew about it on June 1. In fact, they sent out a letter on June 3 saying to everybody that we knew of – and we were gathering the lists as we were going – to please advise who your chief and designated officers are and whether or not you do or don't have policies. But we also recognize, of course, that the schools probably didn't see that until September. September probably meant November. You know, they've got to get people in the street, and sometimes, maybe, it's just falling through the cracks. So a little bit of it is probably that. Can I say that for sure? No. But we're trying to follow up.

I have the ability to follow up with any entity to see if they have procedures, policies, and those sorts of things, and we're doing that. We're tracking it. Of course, that's last year's annual report. We've been working diligently on trying to track who's included in the jurisdictions and what they're doing in that regard, working

with the different entities, giving presentations, that sort of thing. So we're not barred in that regard. We just aren't where we want to be yet. We're going to work hard at trying to get the message out.

**Mr. Wilson:** Okay. A follow-up if I may.

**Mr. Hourihan:** Sorry. Can I . . .

**Mr. Wilson:** Please.

**Mr. Hourihan:** I will say that sometimes when we followed up – just so we're clear – they actually did have them in place; they just hadn't responded to us.

**Mr. Wilson:** Gotcha.

**Mr. Hourihan:** Maybe not in terms of their chief or designated officer but in terms of some of the policies, and they may not be quite what we would like to see, but they're 90 per cent of the way there. So on the plus side there are a significant number of them that, once we have followed up, are actually not in bad shape.

11:20

**Mr. Wilson:** Okay. Great.

Based on the number of inquiries that you've noted in your annual report, it seems like a lot of them come from the health sector, AHS and whatnot. I'm wondering: do you have a focus on, I guess, helping them understand your role? Are they targeted a little bit more, or are they just more willing at this point to be forthcoming with information?

**Mr. Hourihan:** I think it's probably a little bit of all of those. And I say that because, one, of course, the health sector, if you look at it in terms of the overall number of people affected, if there are 200,000 quote, unquote, employees under the act – this is over 50 per cent, so there are probably 110,000 or 115,000 coming from the health sector. Our workload, just by numbers alone, would significantly come out of that sector. So there is that. Also, because there have been issues in the health sector, they, of course, right from the very get-go have taken an interest in what's going on and taken responsibility for what their responsibilities are and worked very closely with our office, with Ted and the group of investigators, to make sure that the policies and procedures are in place, to make sure that that spirit and objective are being met, working with us to ensure that things are being done in an effective and proper manner.

**Mr. Wilson:** Great. Thank you.

I'll follow up again when it's my turn if I may.

**The Chair:** Okay. Richard.

**Dr. Starke:** Yes. Thank you very much, Mr. Hourihan. I appreciate your presentation, and I appreciate the unique situation or the unique position you're in. If I'm not mistaken, I think the Ombudsman's office is the oldest of the legislative offices or one of the oldest – it's not the Chief Electoral Officer or Auditor General, but it is one of the oldest – and at the same time you're fulfilling the duty under the newest piece of legislation, the Public Information Commissioner, yet there is similarity between the two, so I find that interesting.

Just a couple of observations, and then I'm going to get into my questions. I guess my first observation is that I appreciate your deciding to not include the increase of the one full-time equivalent given the current fiscal environment we find ourselves in. Without

sort of tipping our hand too much, I'm going to suggest that that is a reality that all of our legislative offices are going to have to perhaps become accustomed to. I guess that in that regard I have to get maybe some clarification from you. At one point I thought I heard you say that for the 2014-15 fiscal year you would be running a \$43,000 surplus in the Ombudsman's office. Is that what I heard? Was that correct?

**Mr. Hourihan:** That's what we're forecasting right now, that our surplus should be around \$40,000.

**Dr. Starke:** Okay. I guess that when you spend \$43,000 less than your budgeted expenditures, I don't consider that a surplus. I consider that savings; I don't consider it a surplus. But that's maybe semantics.

I guess the question that I would ask may be a philosophical question. I'm going to be a cynic now in a coffee shop. Your number one strategic priority is enhancing the awareness of the Ombudsman, and it's very similar with the public information officer. A cynical person would say that that then results in an increased volume in your office and that because you have an increased volume in your office, then you need more personnel and you need a bigger budget. Certainly, the numbers are up – and you've got that in the report – after you've visited various locations. Then you've got 12 trips planned for next year. I'm sitting here thinking: gee, it must be really nice to be able to increase my business on the public's dime and then ask the public to pay for the increased business that I'm generating for myself. I'd just like your response to that.

**Mr. Hourihan:** Well, our main purpose is to investigate areas where Albertans have not been treated fairly by government, so it's important, in order to do that, that they are aware of us. Where our difficulty comes – you know, we've hired a few people in the last couple of years, and anecdotally, when they came in, they said, "Oh, yeah, before I got hired here, I was telling my friends and family and whatnot that I was getting hired in the Ombudsman office, and a lot of people asked me: who are they, and what do they do?" I've had three MLAs say: "I don't understand what your office does. Can you please advise what it is?" These are people, not to pick on MLAs, who are engaged in helping people and in a lot of cases, as Mr. Young said, are kind of ombudsmanlike and don't completely understand. Plus, we're growing. We've got new people. It's extremely important that we get those.

A lot of these potential complaints are going to be similar complaints and can fix the unfairness or the administrative imbalance for an individual, but it can also make some significant, systemic change. Sometimes a simple policy or a simple rule change can affect a significant number of people. Yes, our goal is mainly to get out there. Is that on the dime of the Alberta taxpayer? The Alberta taxpayer certainly pays for it, but that's the specific purpose that we're there for, to address their needs about fairness.

**Dr. Starke:** Okay. I guess, like I said, I ask that question, and I challenge you with it simply because I think it's an observation that you can make, especially for an office that's been around for 47 years. For the public interest one I say: well, yeah, it just got going. The other one has been going for 47 years.

I guess my second question, Chair, you know, is with regard to cost savings. Again I'm going to be very cynical: what did this cost, and how many copies did we make of it?

**Mr. Hourihan:** Suzanne might have the number there. I'm not sure if she's got it.

**Ms Richford:** Yeah. Fifteen thousand.

**Mr. Hourihan:** It was \$15,000 total for design and printing and whatnot. We produced, I think, in the vicinity of 350 or 400 hard copies, but mostly we're going electronic. We're trying to go electronic to the extent possible so that we can minimize those costs. We went to a lower grade paper, a lower grade binding, and those kinds of things to get out the main purpose, being the information. I'm hoping to get it read.

**Dr. Starke:** So this is already a reduction.

**Mr. Hourihan:** Well, that's probably . . .

**Ms Richford:** Yes.

**Dr. Starke:** Wow. I'd love to have seen last year's report. It must have been a beauty.

**Mr. Hourihan:** Consistently over the last few years we've been reducing, of course, the number of hard copies. We are required to produce an annual report.

**Dr. Starke:** Okay.  
Thank you, Chair.

**The Chair:** Okay. Thank you, Richard.  
Jeff.

**Mr. Wilson:** Thank you, Mr. Chair. Just to follow up on the questions that I had around health care, you mentioned that over 50 per cent of the employees that are covered under the act are in that sector. Is that in line with the proactive engagement that your office is engaged in to advise? Is 50 per cent of your outreach directed at that sector?

**Mr. Miles:** I believe that's probably accurate. The number of investigations we've actually undertaken are probably reflective of that average that you're saying, 50 per cent.

**Mr. Wilson:** How about information sessions for those employees to, I guess, inform them of your role and the new office?

**Mr. Miles:** Not to this point in time. With the primary health care providers, Alberta Health Services, et cetera, the process of getting compliant procedures in place has been ongoing and has been a challenge. But having said that, they already had and have had for an extended period of time an internal confidence line where you can phone and make claims. They have very parallel procedures in place, but to get them completely in compliance with the act has been an ongoing process.

**Mr. Wilson:** Thank you.

**Mrs. Leskiw:** I won't be as cynical and hard as my friend here, but I am going to ask the tough questions since we don't quite know what the new budget is going to be like. My question to you: what if you got a zero increase, status quo, whatever you were at last year? Can you find savings within your budget to survive that? For example, there's \$15,000 right there that can be saved. It's a reality, and it's something you need to think about: plan A, plan B. If you get zero, what are you going to do in your office?

**Mr. Hourihan:** What am I going to do in my office? I mean, we would look at the variables that we could move with. Certainly, we would do what we can in terms of our strategic priorities and balance that. What would I remove? I would remove some professional development. Those would be the kinds of things that I would have to look at. I wouldn't do it happily. We're only planning to do what we believe we need to do. We need investigators and employees to be fully functioning in terms of the things that they're using. That would be one area.

Travel, of course, would be one area. Would we reduce that number of trips from 12 down to some other number? Yes, that would probably be one. The impact there would be that fewer Albertans would know about the importance of the Ombudsman office and the ability to contact our office and those kinds of things. We would be affected because we believe that that's the right number.

**11:30**

Then, of course, the corollary surrounding the awareness would be a little bit less advertising and those kinds of things. We also plan to do a customer satisfaction survey. We would probably cut that out for this year and look at that and make determinations on our own in that regard.

Just to try and impress upon the committee areas where we're trying to and do hold the line, every year we try and give back as much as we can and use as little as possible because we understand it's the taxpayers' money. We presented the opportunity to other legislative offices to get into the shared services with us. When we needed a new server, as did they, we were able to purchase a combined server so that it saved money for all of us. It also increased and improved and enhanced a variety of things we have, like I said: the redundancy, the security, and those kinds of things. It came at a significant savings, and we thought that was important.

We negotiated our IT storage significantly down. IT costs can be very burdensome, yet some technology is very necessary to have. We were able to negotiate a significant savings in our IT storage. Just for example, we were going to get 50 gigabytes of information stored within the contract, and after that it was going to be \$50 per gigabyte. We renegotiated with them at no cost and got 300 gigabytes instead of 50 and for \$8 an additional gigabyte after that as opposed to the \$50, so significant savings there. We're going to have ongoing savings with the service.

We have cut out an office – I'll call it "retreat." That's not the right word. It's a professional development and strategic planning session that we have. We've achieved a significant number of things that we wanted to do there, so we removed that from this year's budget as well as from next year's. We feel that we can get by doing what we're doing because we've gotten to that point where we want to be.

The one FTE that we did plan on: we removed that for the purposes of understanding where we are at and where Alberta is at in that particular thing. We've also moved from a three-year to a five-year greening process with our computers and our IT areas. We do have to replace them, but we're doing it not quite twice as long in holding computers.

So those are some of the areas that I would cut, just to try and impress that we have cut in the areas.

**Mrs. Leskiw:** Don't get me wrong. I ask the same question of everyone else even though everybody thinks what they're doing is very, very important. But then, like everything else, the seniors want more, AISH wants more, we need more nurses, we need more doctors, we need to fix hospitals, and we need build schools.

Everybody is a priority. So when we're looking at this, we have to balance: does an Albertan want more schools and hospitals, or does he need to know more about what the Ombudsman is doing? I mean, I am not trying to degrade you, but I am saying that in every budgetary thing, even at home, we have to decide what's what.

**Mr. Hourihan:** Yes, and I understand. I guess my only comment there is that our purpose for doing awareness is not just so people know about us; it's so people know about us and they can make the complaints that they have and air the dissatisfaction that they do have. That's a significant issue.

The other thing I just would say is that in terms of government as they go through cuts, which, certainly, I can anticipate, as anybody else can, that that may be the case – keeping that in mind that the problem and the reason for ombudsmen offices around Canada, around the world is that as government gets bigger and bigger and more and more complicated, a person becomes less and less of a person and more and more of an number or just something pushing through the system. As government gets reduced, there may be more need for oversight and the types of jobs that myself and investigators in my office do.

**Mrs. Leskiw:** Good answer.

**The Chair:** Okay.

Then we will go to Neil.

**Dr. Brown:** Thank you. Well, just following up on Genia's comments there, with respect to the awareness and whatnot, as you probably know, Mr. Hourihan, I personally publicize your office and what it does and how to access it in my newsletter that goes out to every household in my constituency, and I would certainly encourage you to get the co-operation of other MLAs to broadcast the efficacy of your office. I think it's a very functional and a very effective way to get to all of those people through their MLAs.

But I want to turn to the salaries and wages that you have on your Alberta Ombudsman budget. I did a little quick calculation. Your salary and wages forecast there – did I hear you correctly in saying that you had one position that was not filled in the last year?

**Mr. Hourihan:** No. We were going to come to this committee to increase by one, but we took that off our presentation.

**Dr. Brown:** Okay. Were all of your positions, then, fully staffed in the last year, and are they now?

**Mr. Hourihan:** Yes.

**Dr. Brown:** Okay. That then brings me to the question. Your forecast for the present fiscal year up to March 31, 2015, was \$2,315,000. If you look at what you're asking for in 2015-16, that amounts to an 11.8 per cent increase in salaries and wages. I would ask you how much of the 11.8 per cent is attributable to the contractual obligations that you have for your present staff. By that I mean: the 2.25 per cent, as I understand it, was a cost-of-living increase. Then you also mentioned that you were averaging out the merit increase at 3.46 per cent. Can you also advise me whether that is a contractually mandated number, or is that a discretionary number?

**Mr. Hourihan:** Well, I mean, to answer that last question first, if people are performing at the level that they're expected to and those kinds of things, it's expected. You know, the average for it varies between management and nonmanagement positions 3 to 4



per cent and those kinds of things. We've looked at, as we do every year, to see where we probably are going to be and make the best estimate that we can there in terms of what the employees will be deserving of and getting. It's contractual in the sense that it's part of the system of moving within the range that you are working within.

**Dr. Brown:** What I was asking about is that in some of the jurisdictions there is a table that says: after every year you progress by X per cent. That's part of the contract with the employees. I mean, our teachers are built like that. What you're saying is that while it may be an expectation, it's not a contractual obligation.

**Mr. Hourihan:** I mean, if there's somebody who's not performing up to the standard that's expected, then with the proper documentation and conversation with them monies could be withheld. If it's a nonmanagement employee, I suppose the expectation is that a person who's working at a satisfactory level is at the 4 per cent level. Anybody who is working in an outstanding fashion, that sort of thing, can go upwards of 8 per cent.

**Dr. Brown:** Is it part of a written contract that you will get a merit increase? That's what I'm asking.

**Mr. Hourihan:** Yes.

**Dr. Brown:** It's in the written contract?

**Mr. Hourihan:** Yes.

**Dr. Brown:** Okay. Thanks.

**Mr. Hourihan:** Like I say, with documentation it may not be, but that would be significant documentation.

**Dr. Brown:** Okay. Back to the first part of my question, then. How much of that 11.8 per cent increase is attributable to the cost of living of 2.25 per cent and the performance and merit increase?

**Ms Richford:** The entire amount if we're talking last year's budget to this year's budget.

**Dr. Brown:** No.

**Ms Richford:** You're talking about the forecast?

**Dr. Brown:** In this year's forecast you forecast \$2,315,000, and it's projected to go up to \$2,588,000. That's a difference of \$273,000.

**Ms Richford:** If we're looking at the budget for 2014-15, which was, I'll just repeat again, \$2,415,000, we are saying that we're going to spend a hundred thousand dollars less in our salaries, correct?

**Dr. Brown:** No. I'm looking at the first page there. What you're going to spend this year on salaries and wages is \$2,315,000. You're estimating for next year \$2,588,000. The difference between those is 11.8 per cent, which is far greater than 2.25 plus 3.46.

11:40

**Ms Richford:** Correct.

**Dr. Brown:** What's the difference? Where is it coming from?

**Ms Richford:** Well, last year in the budget the 2 per cent was not included in there, so this year we received a 2 per cent increase

that was not included in the budget. That has to get built into the salaries coming along. That's part of the difference. The rest of the difference is the 2.25 per cent cost of living and then the merit increases average at 6.63 per cent, and that's pretty much what the increase is.

**Dr. Brown:** So you're saying that it's really 4.25 per cent for the cost of living over the actual expenditure?

**Ms Richford:** Yes.

**Dr. Brown:** You mean you never gave that? They're not being paid that now?

**Ms Richford:** They are being paid the 2 per cent, but we also had some vacancies during the year. We had a maternity leave. So during the year we did have a net savings over our budget of \$100,000, but that net included a reduction of \$45,000 for the 2 per cent and then the vacancies that we had: secondment, maternity, that kind of idea.

**Dr. Brown:** Well, when you're talking about the forecast up to — so I still am not understanding. If you're saying that the 2 per cent has already been built into your forecast expenditures up until March 31 next year, then it's already in there.

**Ms Richford:** It's in there, but it's diluted. The effect of it was diluted in 2014-15 because we had vacancies, but going forward we have a full complement of staff, no anticipated vacancies, plus this 2 per cent.

**Dr. Brown:** Okay. Thank you.

**Mr. Hourihan:** Yeah, just for that. For our vacancies in the last year: yes, we have a full complement of 25 now, but just for demonstration purposes, one of those was filled about two weeks ago.

**Dr. Brown:** Okay.

**Mr. Hourihan:** So over the last year we've had a number of vacancies, some soft in terms of getting filled, but we've had a significant amount of HR process going on. So that would produce that gap in going down lower on our forecast.

**The Chair:** Okay.  
Sohail.

**Mr. Quadri:** Thank you. You're doing an excellent job, Mr. Chair. Thank you for the presentation. You know, I have three areas of concern that are on your financial statement. In advertising in the last year you asked for \$15,000, but you spent \$30,000. Now you are asking again for \$15,000. Technology services: you know, last year's budget was \$145,000; you spent \$210,000. Now you are asking \$120,000. Hosting: you asked for \$2,500, you spent \$6,600, and you are asking again for \$2,500. Those are the three areas. You always spend on those three areas, but this year you are asking for a little less than what you spend, so can you give me a little bit of explanation on that, why some of those are almost double, like in advertising, from \$15,000 to \$30,000, and technology services is \$145,000 to \$210,000?

**Mr. Hourihan:** Yes. As we moved forward, like in advertising for example, we looked at our ability to get out and around the province as we were looking at our budget and watching where we had a potential opportunity to go out and provide some. That advertising was an increase over what we were doing, but it was

because we knew we could forecast to include that, so we made those adjustments mid-year, which is sort of standard practice in the sense of: we look at where we can budget, but we also look at what our strategic priorities are, if we can ramp up in those areas we were able to ramp up.

For example, the opposite occurred in terms of technology services. You were mentioning that we went from \$145,000 and we spent \$210,000. Part of that was that the servers we put in place weren't delivered on time, and I think you've heard that from a couple of the offices. They went into the following year's cost after the end of March but then generated the savings the following year. Well, in that particular case it generated a surplus the year before but took costs into the future year.

With that hosting we had a couple of anomalies. I had a couple of meetings that we've agreed to host as organizations. One is the Canadian Council of Parliamentary Ombudsmen. One is the International Ombudsman Institute, of which I'm the president for the North American region. We were cohosting those meetings, and it did go up those years because we were asked to host, and we said: "Look. We can do this within the reality of our budget and our forecasts."

**Mr. Quadri:** But you know what? This technology is something like \$145,000 to \$210,000. What is included in this \$210,000 for technology? This year, again, let's suppose you're buying a new system or new software or all of that. I understand it is a one-time expense. But now this year you're asking for \$120,000 again.

**Mr. Hourihan:** Well, this year, actually, our estimate would be \$133,000. Last year it was \$120,000. The year before, '13-14, it was \$210,000, and that was while we were implementing the servers. Now, the overall cost for the servers: if we were to purchase them by ourselves, it was going to cost us in the vicinity of \$260,000. We were able to share that with the other three – well, my office being two offices – and the four of us were able to share those costs. It's enveloped into there, and we look at it as per the use and the amount of the servers that we're going to use.

Had we not shared, every office would have had to do the same thing because we were all in desperate need of new servers. Those servers were worn out. We had to get the expenditures out. Of course, we had a contract in place to get them in by a certain time, and those deadlines, you know, because the challenges weren't met at the end of one fiscal year, bled over into the next fiscal year. But the savings will start now in terms of as we move forward.

It's a very dynamic environment, too. I'm telling you that we're going to be saving \$12,000 to \$15,000 a year with these new servers. As I said earlier, it also increases our capacities and security and redundancy and those kinds of things, that are extremely important. However, there are other things happening all the time. We had a case management system that we desperately needed to replace. The one that we had before, like I said, was a British Columbia one that we've had since 1999. It was causing significant amounts of problems for us in terms of moving forward. We needed one at the Public Interest Commissioner's office to get something going as we were starting out, so we put into place a new one, which we are just implementing now.

We're trying to minimize the cost as much as we can. We're trying to do as much off-the-shelf stuff as we can to keep those costs down, but it certainly is a significant portion of our budget and a significant challenge to keep those in check. That's part of the reason, you know, why we still have technology as a strategic priority in that we want to try and watch what we're doing there. We don't want every new toy. We want to make sure that we have

what we need to have to move forward, that we have the critical analysis capabilities to do what we can in terms of the offices.

**Ms Richford:** It's of interest that technology services incorporates everything to do with the technology for our office. We do not employ anyone that is just doing IT. We have absolutely no IT in our office. That hundred and whatever thousand along the whole row there is completely technology services. There's no other employee. For the \$189,000 this year, our forecast, that would really only be 1.25 people, and that's the website – that's in technology services – the case management system, and, of course, our whole network. That's one of the reasons that we continue on this same path.

**Mr. Quadri:** Thank you.

**The Chair:** Thank you very much.

We have about 13 minutes left here. If we can tighten up some of the questions and answers. I have two people on the list right now.

Steve, go ahead.

**Mr. Young:** Okay. Thank you. The first question. I look at it, I think, in terms of logic models. At the end of the day, your mission is to deliver on the oversight of the government of Alberta to ensure fair treatment for Albertans. In a general sense, how are we measuring that? You mentioned a survey earlier. I'm not going to ignore or override anything in terms of costs that my colleagues have been pointing out, but even in terms of at a base level, in-house type of thing, how do we know that we're doing better today than we were yesterday?

**Mr. Hourihan:** Well, we can look anecdotally, I suppose, at the improvements that we've made in the systems, and we can go back and can look at our recommendations and say: what changes have we made in government that have improved the process for others, and are the numbers dropping in terms of that type of complaint? Some answers are simple to see, and some answers are not simple to see.

Just to give you an example, in 1967 one of the more frequent – well, no, maybe not in '67, a couple of years later – complaints came from workers' compensation. It still is today. Because it's a benefit-driven program, there are a lot of significant times that things fall through the cracks, so it's not necessarily a process or a procedure in place that needs to be repaired systemically. It's that someone didn't follow it. But we still have to go back, so that's more on an individual basis. However, there are a number of things that we can show over the year and years where we've made those systemic changes in policy and procedure and that sort of thing.

11:50

**Mr. Young:** Thank you for that answer. Organizations are always very focused and very good at activity measures, so I'm trying to get to: are we actually delivering on the strategic plan?

I'll jump to my next question really quickly. I see in your annual report, pages 45 and 46, how you do a breakdown by complaints by electoral division. I understand, absolutely, that we cannot find out what those are because of privacy and everything else, but I think it would be valuable to understand what types of complaints, and we just had that conversation. There are probably categories of types of complaints; you know, this is a maintenance enforcement one. I would certainly be interested for the Edmonton region or my constituency or his constituency if there is a pattern; like, of the however many complaints in Edmonton, 60 per cent of

them involved maintenance enforcement. Or were they about AISH, waiting for AISH? I mean, we all could come up with probably a good list that probably covers 90 per cent of it.

It gives us an understanding and the public an understanding without breaching any kind of individual's specific complaints. The aggregate numbers give us a sense of: what is the issue with Albertans? Then it helps frame some of the priorities that we have in our legislation and process and stuff. So that's just my question. In terms of reporting, six means nothing in terms of the complaints in my constituency. Is it six maintenance enforcement issues, or is it six AISH issues? That helps me. Same with the Edmonton region.

Enough of that. I'll leave that with you.

**Mr. Hourihan:** Well, just a comment on that if I can.

**Mr. Young:** Well, sure.

**Mr. Hourihan:** We haven't put those numbers in because there's been nothing to show that there's a significant trend in any of those areas. That said, I have gone around to a number of constituency offices, and each time I do go, I provide that information to each constituency office about the numbers that you have. Those are certainly available, and we can make them available at any particular time inclusive of a report.

**Mr. Young:** Okay. Yeah. I mean, we have a sense . . .

**The Chair:** Okay. Everyone is hungry here, Steve, so . . .

**Mr. Young:** We're going until 12:00.

**The Chair:** I know, but we have another questioner. You've had lots of time. We're going to move on to Neil. Maybe whisper to him – he's right beside you there – as Neil is talking.

Go ahead.

**Dr. Brown:** Mr. Hourihan, I'm a little bit concerned about the built-in increases that we have there. I think what you're suggesting is that there is a contractual obligation to more or less build in an average of 5.7 per cent per annum if you took the 3.46 and the 2.25 or whatever the inflationary rate is, of course, which would go up and down. I would like to see a copy of the written contracts. Now, you can redact it as much as you want, take the names and the amounts out of the contracts, and if you have more than one type of contract for your senior people versus the lower level staff, I'd like to see that. I'd be interested to see, just as a general observation, what kind of contracts we make with public servants that would build in that kind of an annual increase. Can you do that?

**Mr. Hourihan:** I can get information. What our contracts are, other than mine – mine is a specific contract, which is 5 per cent within the range each year.

**Dr. Brown:** No. I'm not talking about that.

**Mr. Hourihan:** The rest are under the government of Alberta's corporate human resources policy, objectives, and procedures. Human resources performs the financial piece, and then we adhere to them in the sense that we embrace whatever they do.

**Dr. Brown:** It would be helpful for me to understand that if I could see one of those written contracts that you're referring to.

**The Chair:** If I may, too, I believe it was a comment Ms Richford made about the merit pay being part of the contract, wherein the

understanding that the word "merit" itself means that it's not to be expected every year.

**Mr. Hourihan:** Maybe I can clarify. It's within the guidelines and the objectives of the government of Alberta to provide merit where it's achieved or where it's deserved. They give the standard numbers, and we can certainly produce that documentation.

**Dr. Brown:** No. Clearly, the answer earlier on was that it was part of a written contract.

**Mr. Hourihan:** The written contract is that when they sign on with the government of Alberta, they know what their range is, and they know that if they perform to standard, they get 4 per cent. In fact, if we don't advise human resources or whatever the office is of the government of Alberta a month in advance of the anniversary date, they automatically tag on 4 per cent to their increase as long as it's within their range within the categorization that they work at. So we do conform to that. If there are situations where we don't believe that the person has worked in a satisfactory fashion and doesn't deserve the increase, we document that, and we don't give it. If they do, then we document it, and we do give it in accordance with the government of Alberta.

It would be similar to the collective agreement. We're not part of a collective agreement – they are opted-out employees – but we, like a variety of the government of Alberta structures, conform to those kinds of things. Like, we conform to the classification system, so our people are HR classifications, and those come with a certain salary beginning and range. We conform to the policies, procedures, and objectives that they have through corporate human resources, no more, no less.

**Ms Richford:** Can I add one quick thing? I think that maybe the confusion came in when I said that the merit or performance increase averages 3.63 per cent. The reason I said that is that our senior official gets a 5 per cent increase, management gets 3 per cent, and then all other staff in the office get 4 per cent, based on their performance, of course. We are public servants under the Public Service Act. Our people are hired into public service classifications, and they have, you know, a bottom and a top limit. Once they're at the top limit, that's it.

**The Chair:** Neil, you have one supplemental on the table.

**Dr. Brown:** It's okay. I'll let somebody else go.

**The Chair:** You're good? Okay.

All right. I have no other questions, so that ends the presentation here.

Thank you, Mr. Hourihan, Mr. Loran, Ms Richford, and Mr. Miles, for your presentation this morning and for responding to the committee's questions. For your information, the committee decisions on the officers' budgets will be sent out next week. Thank you.

Committee members, lunch in committee room C across the hall, and we'll return on the record at 12:30 sharp. That's sharp underlined with an exclamation mark.

Thank you.

[The committee adjourned from 11:57 a.m. to 12:32 p.m.]

**The Chair:** All right. Wonderful. Welcome, guys, to the fun meeting. I'm sure you've been excited for it all day. I'd like to welcome the Child and Youth Advocate and staff from that office to the meeting.

We'll take a minute to do introductions of members, staff, and guests at the table, then we'll ask you to go ahead with your presentation.

Matt Jeneroux, MLA, Edmonton-South West and chair of the committee.

**Dr. Starke:** Yes. Good afternoon. Richard Starke, MLA, Vermilion-Lloydminster and vice-chair of the committee.

**Mrs. Leskiw:** Genia Leskiw, Bonnyville-Cold Lake MLA.

**Mr. Quadri:** Good afternoon. Sohail Quadri, Edmonton-Mill Woods.

**Mr. Wilson:** Jeff Wilson, Calgary-Shaw.

**Ms Davies:** Hi. I'm Terri Davies. I'm the director of investigations and legal representation at the office of the Child and Youth Advocate.

**Mr. Graff:** I'm Del Graff, the provincial Child and Youth Advocate.

**Ms Stewart:** I'm Jackie Stewart. I'm the executive director of child and youth advocacy.

**Ms Russell:** I'm Bonnie Russell, lead director of strategic support.

**Mr. Eggen:** Good afternoon. I'm David Eggen, MLA for Edmonton-Calder.

**Dr. Brown:** Neil Brown, Calgary-Mackay-Nose Hill.

**Mrs. Sawchuk:** Karen Sawchuk, committee clerk.

**The Chair:** Now you have – it says 35 to 40. Karen always gives you the extra five minutes. I like to keep it shorter, but we'll see what we can do with a 35- to 40-minute presentation.

Go ahead, Del.

#### **Office of the Child and Youth Advocate**

**Mr. Graff:** Thank you, and good afternoon to the standing committee. I'm pleased to be here to discuss the office of the Child and Youth Advocate's 2013-14 annual report, our 2015-2018 business plan as well as our proposed 2015-16 budget estimates.

Before I begin, I want to just introduce again the members of my staff who are joining me. To my right is Jackie Stewart. She's our director of child and youth advocacy. Next to her is Bonnie Russell, our director of strategic support, and to my left is Terri Davies, who's our director of investigations and legal representation. Each of these people will be taking responsibility for part of the presentation this afternoon.

Mr. Chairman, this presentation will focus on our past and current accomplishments as well as our path forward as an office of the Legislature in the coming years. Our annual report was tabled in the Legislature just a couple of weeks ago. Our 2013-2014 annual report highlights our activities over this past fiscal year, including our efforts in advocacy, legal representation for children and youth, investigations, systemic advocacy and outreach, youth engagement, and strategic support. Our annual report also provides a summary of concluded reviews of serious injuries or deaths of young people and a summary of our recommendations made in investigative review reports during this reporting period. Whether these issues were previously identified or are new issues, my focus is to compel government to make

changes to improve services to vulnerable young people. I do this by using tools such as our annual report, investigative reviews, service reports, and engagement with stakeholders, all of which keep the issues in the forefront.

Our service reports, which we complete every six months, summarize the activities of the office of the Child and Youth Advocate, the activities that we've had with young people and stakeholders from across the province. Those service reports also identify systemic issues. We receive updates from the Ministry of Human Services about their progress on our recommendations, which are included in our service reports. The completed reports are sent to the Minister of Human Services and to their delivery regions.

We now meet with all of the regions and with the delegated First Nations agencies across the province to review the service reports and to engage in regular discussion about the services to children and youth. Information from our service reports feeds into our annual report, which provides a summary of the recommendations that deal with a number of different areas in the child intervention system. Our annual reports, our service reports, and all of our other reports are public information and can be found under publications at our new website, which is [www.ocya.alberta.ca](http://www.ocya.alberta.ca).

I'd now like to turn your attention to our business plan. Our 2015-2018 business plan continues to focus on developing and delivering our mandate to keep children's rights at the forefront, especially the rights of young people to have their interests considered in decisions that affect them. This produces several areas of focus.

Keeping young people's rights in the forefront. That means ensuring that the fulfillment of young people's rights and well-being is focused on by the Ministry of Human Services.

Two, strengthening individual advocacy services. The Child and Youth Advocate's mandate includes advocacy focused on the rights, interests, and viewpoints of young people involved with the child intervention system and the youth justice system. We will continue to focus on understanding the issues and concerns of young people involved in these systems and make recommendations to improve the services that young people receive. As well, our advocates will continue to provide face-to-face contact with young people when they need an advocate, wherever they are in the province.

Increasing systemic advocacy work. We'll enhance our research capacity and our approach to identifying systemic issues. We'll make recommendations to the ministries of Human Services and Justice and Solicitor General or to the Legislature if required.

Quality investigative reviews. Through investigations into serious injuries and deaths of children and youth and working with stakeholders we'll identify potential improvements to enhance the overall safety and well-being of children who are receiving designated services.

Enhancing quality legal representation for children and youth. The office of the Child and Youth Advocate appoints lawyers to provide independent legal representation for young people related to child intervention matters. We will enhance the training and eligibility of OCYA-appointed lawyers to ensure that children and youth receive the highest quality legal representation possible.

Engagement and education. We'll continue to implement strategies to raise awareness of the work of my office and engage the public and stakeholders in understanding the importance of respecting a young person's rights and interests and hearing their viewpoints. We will promote and encourage the development of natural advocates in community advocacy organizations through outreach, information, education, and support. We will continue to

inform and develop positive relationships with aboriginal organizations and communities. As well, we will implement innovative and thoughtful ways of reaching out and connecting with youth to engage them in the work of the OCYA.

**Effective reporting.** From time to time the advocate also issues special reports providing information and advice to the government on any matter related to the rights, interests, and well-being of children and youth as well as reports related to the investigation or review of serious injuries or deaths of children or youth receiving designated services. More than simply being accountability mechanisms, these reports provide an opportunity to enhance public awareness of the issues faced by children and youth involved with the child intervention or youth justice systems.

#### **12:40**

**Information systems.** We will enhance our information systems and processes to support accurate, credible, and reliable reporting and link the performance of the OCYA to its business plan to discuss lessons learned and opportunities for improvement in the delivery of designated services. We will continuously improve our processes for reporting back to the Legislature and the public on the status of the recommendations made by the Child and Youth Advocate to government.

Some of our priorities over the next business plan term include: examining better ways to reach out to young people in the youth justice system and developing strategies to improve connections to these young people and the organizations that support them, through the development of a special report engaging young people and other stakeholders in identifying improvements required to designated services, continuing our collaboration with public bodies and other stakeholders to ensure the quality of our investigative reviews, and continuing to develop strategies to engage young people in the work of our office and advocacy efforts. One of these strategies is called the friends of the advocate, where young people can stay connected to our office and to activities that our office engages in, developing a community framework that establishes principles of community and stakeholder engagement that reflect our values and influences decision-making.

Through the implementation of a quality assurance framework and tools to assess the effectiveness of our work, we will identify ways to improve our services and to ensure continued confidence in the OCYA service. Our business plan identifies eight key performance measures that will support the assessment of the quality and effectiveness of our work.

I'll now turn the presentation over to Jackie Stewart, who will speak about child and youth advocacy and education and engagement.

**Ms Stewart:** We work directly with young people to support them in having their rights and interests affirmed and acted upon. We do this through a team of advocates. Statistics from our 2013-2014 annual report show that our office served 2,753 young people. This represents a 19 per cent decrease in the number of young people served compared to last year. This decrease was mainly a result of changes at intake and to how we record a case. In the previous year, 2012-2013, there had been an increase of approximately 13 per cent. As of September 30 we provided advocacy services to 1,670 young people. If we continue at this rate for the remainder of the year, we'll see an increase of about 20 per cent. The majority of the young people that we serve by advocacy services continues to be aboriginal children, and this is approximately 60 per cent.

In addition to responding to the needs of young people, we revised our policy manuals, and for the first time we posted them on our website. We've also changed our survey method, and we now have a much-improved response rate. We also have focused greater attention on professional practice development for advocates. In the coming year we'll be exploring better ways to connect young people within the youth justice system. We'll continue discussions with Human Services regarding how we can learn from mandatory referrals, and we'll explore ways in which young people can become involved in shaping our practices and our policies further. Advocacy services represents about 27 per cent of our 2014-2015 voted operating estimates.

Engagement and education is a strategic priority for our office. We're engaging with young people, and we do this in a variety of ways. We do this through focus groups on topics that matter to them, and we do this through public education sessions on children's rights and advocacy. We reach out to young people through social media. We use Twitter, and we also use Facebook. Through our new, youth-friendly website, which Del has already mentioned, we invite young people to become involved with our office through the friends of the advocate. We also have a newsletter for young people.

Youth participate with us at conferences and at symposia and on our Youth Advisory Panel. The Youth Advisory Panel consists of eight young people, ages 14 to 21. They reside throughout Alberta and in First Nations communities. The panel provides us with advice and feedback on the work of our office and on the development of such things as our website, our logo, and promotional materials. Through public education we create an awareness about the role of the OCYA, and we educate stakeholders about the rights, interests, and viewpoints of young people.

This past year we delivered 216 presentations to a variety of stakeholder groups. Included in this were regular sessions at the School at the Legislature; workshops at Camp fYrefly; a national LGBTQ leadership retreat for youth; and at foster parent, teacher, and social work conferences. Recently we celebrated National Child Day, and the theme this year was the right to play. Our office partnered with several organizations throughout Alberta to raise awareness about children's rights and to celebrate this day through various events. This past February we co-hosted along with the Mental Health Patient Advocate a children's mental health symposium. Over a hundred leaders from different sectors and disciplines participated in the symposium to discuss and recommend actions to improve mental health outcomes for children and youth with complex needs. In October a follow-up symposium was held to discuss the progress that had been made on recommendations from the February meeting.

This past year marks the 25th anniversary of the office of the Child and Youth Advocate, which we're very proud to celebrate. To coincide with the anniversary and in keeping with our new responsibilities, not only have we redeveloped our logo, but we've broadened our presence on social media, we've launched a new website, and we've also updated our communication materials and our displays. We now have a more approachable and youth-friendly look aimed at engaging children and youth.

Del will now speak about legal representation for children and youth and the office's increased mandate.

**Mr. Graff:** Thank you, Jackie. Another core service of the office of the Child and Youth Advocate is legal representation for the children and youth program, or what we call LRCY. As reported in our 2013-14 annual report, we made 1,177 legal appointments

and served 1,865 children through this program. This is a decrease of 6 per cent in appointments compared to the previous fiscal year.

LRCY has a quality assurance framework that identifies the following outcomes for legal services that are provided to children and youth clients. We expect the services to be consistent, to be child and youth friendly, to be easily accessible from anywhere in the province, to be timely, and we expect quality legal representation. Service standards for roster lawyers and program standards for LRCY staff have been established to support the achievement of these outcomes, and we are continually improving upon these standards. Last fall we hosted our second LRCY conference as a professional development opportunity for our roster lawyers. Over 130 people attended the conference, including nonroster lawyers. The provincial conference allowed for the sharing of best practices and networking in the area of child legal representation.

Some members of our Youth Advisory Panel were also in attendance and participated in a question-and-answer session with the lawyers. Overall the event was an excellent learning opportunity, and our province is receiving recognition for our leadership in child legal representation. For example, Saskatchewan has just announced implementation of a similar program, and they look to us for guidance. In fact, Terri Davies, our director, went and spent a couple of days in Saskatchewan with them to review our services in Alberta. Planning has now started for our next LRCY conference, which is taking place in Calgary in May of 2015. The LRCY program represents 33 per cent of our 2014-15 voted operating budget estimates.

I'll now speak a bit about our increased mandate. As you're all aware, the government of Alberta amended the Child and Youth Advocate Act at this past spring sitting. The amendments allow my office to complete investigative reviews of the deaths of young people who receive child intervention services within a two-year period preceding their death. When I spoke to the former Minister of Human Services about the amendments, I conveyed to him that completing child death reviews within a specific time frame after receiving child intervention services would be a welcome addition to our work. Often we do not know what the actual impact is on children of child intervention services until after they depart from the system.

This legislative amendment is now in place, and we have started receiving reports and are currently working with the office of the Chief Medical Examiner and the ministry on operational processes. We've received 15 reports of deaths under this amendment as at the end of November.

Terri Davies will now discuss our child death review.

**12:50**

**Ms Davies:** Thank you, Del. Before the office conducts an investigative review, we look at a number of factors. Is the investigative review in the public interest? Is there a potential for an investigative review to result in recommendations at the systemic level? What can be learned to improve the system? If an investigative review is conducted, is there potential for positive change for young people? In determining the level of inquiry and/or review that is required, the advocate considers whether the injury or death was accidental, self-inflicted, or the result of a pre-existing medical condition. The advocate also takes into consideration child intervention history and placement at the time of the incident.

At our meeting with this committee a year ago questions were raised about the amount of information we were using to determine if reports would proceed to the next stage of our investigative review process. We reflected on our processes, and since that meeting every report is now reviewed through

examination of the initial alert, the report summary, and a review of the electronic files. We also contact a source outside of the ministry before making a determination about whether to proceed to the next phase of the process.

There has definitely been an increase in notifications to our office. Since April 1 to the end of November, so for 2014-15, we have received 39 reports, of which four are serious injuries and 35 are deaths. Fifteen of those deaths relate to the closed intervention files that Del just mentioned. The amendments made to the legislation permit us to conduct these investigations. Last year, in 2013-14, we received 35 reports, 10 serious injuries and 25 deaths, so we're already at four more than we were in all of last year. In 2012-13 the advocate received 20 reports, three serious injuries and 17 deaths, total.

To the end of November our office has released seven reports, three last year and four so far this year. Not all of these reports related to children in the care of government. Two of the children were receiving designated services while in parental care. One was a serious injury – and that was Sadie; she was released last week – and one death was Baby Annie. These reports include 28 recommendations to government to improve services to young people. As of November 30 we were working on 17 examinations – so the first phase of our process – 7 assessments, and 14 investigations have been approved, and we're getting to work on them.

I would now like to turn over the presentation to Bonnie, who will provide highlights for our 2013-14 financial statements.

**Ms Russell:** Thanks, Terri. For 2013-14 our office was provided a budget of \$12,439,000, and we expended a total of \$12,039,000 for operational expenses and \$24,000 for capital purchases. We reported a surplus of \$376,000, or 3 per cent. This surplus was primarily attributed to salaries and benefits, \$470,000, as a result of delays in hiring staff and vacancies that happened throughout the year. Fifty per cent of our operating budget is attributed to salaries and benefits. The surplus in salaries and benefits was offset by increased costs in legal representation for the children and youth program, fees for lawyers, information technology licensing along with the equipment and furniture purchases that we did for our new space.

In comparing our 2013-14 actual results to the prior year of 2012-13, the total expenditures were \$1,686,000, or 16 per cent higher. Approximately 46 per cent of the increase related to paying a full year of salary and benefits and travel for staff that were hired throughout 2012-13 . . .

**Dr. Brown:** Sorry to interrupt. Could you just direct us to which part of the budget you're referring there?

**Ms Russell:** This is the prior year financial statements, so 2013-14, in our annual report. It's at the back of our annual report.

**Dr. Starke:** Page 63.

**The Chair:** Thank you.  
Keep going.

**Ms Russell:** So approximately 46 per cent of the increase related to paying a full year of salaries and benefits and travel for staff that were hired in 2012-13 to support the OCYA's increased mandate. Approximately 47 per cent of the increase in expenses over the previous fiscal year were attributed to contracted services related to investigations, legal fees paid for the LRCY program, the LRCY conference, our mental health and youth aging out of care symposiums along with information technology migration

planning. The remaining 7 per cent increase is for the purchase of IT licences, equipment, and furnishings for new space.

I'll now turn it over to Del, who will discuss our 2015-16 budget request.

**Mr. Graff:** Thank you, Bonnie. On July 3 we met with this committee to discuss the expansion of the office of the Child and Youth Advocate's mandate to complete investigative reviews into the deaths of young people who received child intervention services within a two-year period preceding their death. At that time we requested and were approved a supplementary estimate of \$730,000 for 2014-15, which represented seven months of funding. The increase was as follows: \$311,000 for salary and benefits and \$69,000 for travel and administrative costs for five new staff; \$250,000 for contracted services for investigations; and \$100,000 for an information system for investigations.

Our 2015-16 budget request includes the annualized salaries and related expenses that were approved in the supplementary estimate request in July 2014. The OCYA budget request for 2015-16 is \$14,502,000. This represents an overall increase of \$1,270,000, or 9.5 per cent, from the revised 2014-15 budget. The 2015-16 increase over the prior year's revised budget represents a \$740,000, or 10 per cent, increase to salaries and benefits; a \$458,000 increase to contracted services; an \$89,000, or 14.7 per cent, increase to our information technology and shared services budget to address set up of servers and applications and data migration services; a \$24,000, or 10 per cent, increase to travel to annualize the travel budget for the five new employees approved in July; and a \$35,000, or 25 per cent, increase in supplies and services for computer software and hardware licensing.

Why are we asking for this additional funding? The increases to salaries and benefits represent the approved salary adjustments for public servants, 3 per cent in-range increases and 2.25 per cent cost-of-living adjustments, along with providing for a full year of salary and benefits for the five additional staff approved in the supplementary request in July. No new FTEs are being requested in our 2015-2016 budget.

As indicated in my presentation last year to this committee, we have not provided an increase since 2008 to the LRCY roster lawyers. The fee increase requested this year moves the rate from \$125 per hour to \$130 per hour, which is a 4 per cent increase. This is a modest increase as they have not received any increase in over six years and our expectations of our lawyers have increased dramatically. No further increases have been planned for the next two years.

Our office has partnered with three other legislative offices to co-locate and share information technology, infrastructure, and resources. With the construction of our new space we have completed the build of our shared data centre and the migration of our network, desktops, print, and file servers out of Human Services to the new data centre. In 2015-16 we plan to move our applications that support advocacy services and legal representation for children and youth to our new IT environment.

Funding of \$200,000 in contract services and \$89,000 in IT and shared services is required to make this happen. To delay this move any further means significant cost to our organizations and limits our ability to effectively manage any enhancement to these applications. Funding has been reallocated internally in our supplies and services budget to address increases in software and hardware licensing and purchasing of IT equipment. The net funding requirement is \$35,000.

Mr. Chairman, investing \$14.5 million in the business of the office of the Child and Youth Advocate will ensure that quality advocacy services are available to Alberta's most vulnerable child

and youth population. As an independent Child and Youth Advocate I actively promote accountability within the government systems that serve children. I will do the same from my office.

You will also see transparency and accountability within my office as we report on our own performance as well as in the use of public funds. I am committed to the young people my office serves, and we will continue to advocate on their behalf so that they can receive the support they need to make positive progress in their lives.

Thank you once again, Mr. Chairman, for the opportunity to meet with you today. I'll be happy to respond to your questions.

1:00

**The Chair:** Wow. You guys took that seriously. Thirteen minutes left on the clock, the new bar. Wonderful.

Now we'll take questions from the committee. I have Jeff and then Neil on the list so far. All right, Jeff.

**Mr. Wilson:** Great. Thank you. Thank you very much for your presentation and for the work that your office does. I don't know how you do it some days. I read your reports, you know, 7-Year-Old Jack and ones like that, and the lumps in the throat. I have to pause sometimes and just put it down. So thank you for being there for those kids and doing what you can. It's very impressive. Thank you.

I do want to ask a couple of questions. I'll get back to the budget in just a moment, but in your annual report one of the statements that you make early on is about how there is "a lack of meaningful progress by Government on recommendations made in [your] Investigative Review Reports." That was page 7 of your report. On page 48 you note that "the Ministry's responses often do not address the recommendations, but rather, include a summary of activities that are already underway and do not directly link to the Advocate's recommendations." I'm wondering if you could juxtapose that. I'm not sure if you were following along at all this week in question period, but the Minister of Human Services insinuated that many of your recommendations have been implemented, that they are in progress. I'm wondering if you can just help me understand which of those two stories – or is there a third? – I guess, is correct.

**Mr. Graff:** As is likely predictable, there is a third, and the third is that while I am frustrated with the number of recommendations not moving forward at the speed that I had hoped they would, I wouldn't want to suggest that none of the recommendations that we've made are of that nature. In fact, government has moved forward on a number of recommendations in substantive ways.

I'll just consider the recommendations we've made around children's mental health services, for example, where we've said: you know, these children who've experienced trauma need to receive additional service. Government has responded. There have been funds that have been made available, new resources for that. In fact, my understanding is that that's to an amount of somewhere around \$7 million in the last while that has been announced to address those needs, not just the specific needs of those children but access to consultation for foster parents who are caring for those children, access to expertise for case workers who need help with the planning for children with those complex needs. So in that regard, certainly there has been some movement with respect to the recommendations that we've made.

I think my frustration – and it is a level of frustration that I experience – is related to is where we've made recommendations to government in previous reports and are not seeing the action that I'd hoped. I mean, I arrived in I think June of 2011, and in my

first annual report I outlined the significant issue of the overrepresentation of aboriginal children in government care. I made a recommendation at that time for government to take action on that recommendation in partnership with aboriginal people to develop a process or a plan to safely reduce that overrepresentation. Part of my frustration is that I don't see the results of that. I don't see a plan. I don't see a concentrated effort.

One of the things, for me, that is really important is that where there's a plan, in my experience, we have seen a different level of action that's taken. So I look to issues like homelessness, for example, where there has been substantial progress. That progress is in large part, in my view, realized because there's a plan in place and an intention to achieving that. So that's an example of where I do experience a level of frustration.

**Mr. Wilson:** Fair enough. Well, I thank you for sharing that example as well.

My follow-up question is directly related to the budget, specifically to your line item around the contract services. In your remarks you suggested that it's a 4 per cent increase in legal fees that you've transposed into the 10 per cent increase overall. I'm wondering if you could help me understand where the \$458,000 comes from if the increase to your legal fees is deemed 4 per cent.

**Mr. Graff:** Sure. I'll let Bonnie speak to the specifics, but the \$458,000 includes the entirety of our contracted service increase that we see need the for, and that includes more than just those legal fee increases.

**Mr. Wilson:** Okay.

**Mr. Graff:** It also involves – and I made a comment about it going from \$125 to \$130 an hour. There's also embedded in that a file closure fee, that I think Bonnie might be able to speak to as well as any other questions that you have that are related to those specifics.

**Mr. Wilson:** Thank you.

**Ms Russell:** Okay. The \$458,000 is made up of \$158,000 related to the legal fees and the closure. It's a \$50 closure fee. We find that what's happening is that some of our cases stay open for some time because how we know that they're closed is that the lawyers provide us with a final invoice and a final report. What that does is that if the case stays open, we continue to accrue costs, assuming that there's still work being done on that. We are looking to provide a \$50 closure fee in the hope that they will actually report that they've closed it, which then will mean that we're not continuing to accrue costs on those cases.

We're also looking for a hundred thousand dollars around the LRCY conference that is scheduled for May of 2015, and the other is \$200,000 for project management costs related to the application and data migration out of Human Services. That's really with respect to project management. Because we don't have access into Human Services and into the service provider who is managing those systems, we have to actually pay for project management to do that. It's a significant cost that we don't otherwise have.

**Mr. Wilson:** Thank you very much.

**The Chair:** Okay. Thank you, Jeff.

**Dr. Brown:** If I understood you correctly, Mr. Graff, you indicated that the personnel costs were entirely accounted for by the fact that you had the five new staff and that you had the

obligatory increases of 3 per cent for the progression or merit or whatever you want to call it plus 2.25 per cent for the cost of living. Am I correct in that assumption, that the increase you're asking for is entirely subsumed in those three categories that I indicated?

**Mr. Graff:** The \$740,000 increase? Is that what you're referring to?

**Dr. Brown:** I'm referring to from last year's budget to the 2015-16 estimate. You're asking for 10.1 per cent. I'm just asking whether or not that's entirely accounted for by the five new staff, the merit progression, and the cost of living increase. You're not asking for any new staff, you indicated.

**Mr. Graff:** No.

**Dr. Brown:** So do those three categories account for all of the increase?

**Mr. Graff:** I can tell you what they do account for, and you can tell me if that answers your question.

**Dr. Brown:** Sure.

**Mr. Graff:** The \$328,000 is for in-range salary increases and for cost-of-living adjustments; \$203,000 is to annualize the salary for the five new employees in the supplementary estimates; \$65,000 is related to the unbudgeted increase in 2014-15 for the 2 per cent cost-of-living adjustments; and \$144,000 is related to employer contributions and professional fees. Does that answer your question?

**Dr. Brown:** Where's the \$144,000? I'm looking at the back page of your estimates here, the explanation of the changes to the budget.

**Ms Russell:** Yeah. It's the employer contributions. It's the second line under personnel, salary and wages and then employer contributions. As salaries and that increase, pension costs increase, and other costs will increase along with that, CPP, EI.

*1:10*

**Dr. Brown:** Did you say professional development? That's a separate line item.

**Ms Russell:** Well, yeah. It's a \$1,000 increase in that.

**Dr. Brown:** Okay. My follow-up would be: in the event that you were asked to live within the amount that you expended last year for the supplies and services, what would the consequences be, and how would you manage that if we only gave you the amount that you had last year?

**Mr. Graff:** We would have to make decisions about what it is that we wouldn't do. In doing that, we would want to make our priorities about both the rights, interests, and viewpoints of children and our ability to serve them through our required mandate. In that regard we would be removing things like the request for an increase to our LRCY lawyers. We would then be removing things like the IT transfer of applications. The last thing that we would remove is the salaries to our employees because we would. . .

**Dr. Brown:** I'm not talking about that. I'm leaving that aside, the personnel. I'm just talking about the supplies and services category.



**Mr. Graff:** Okay. So you are asking me about if we were not provided with any different . . .

**Dr. Brown:** In the supplies and services end of it. I understand you have contractual obligations on the personnel – and I think you’ve explained that very well – with the new staff and then the 2 per cent, the 2.25, and the 3 per cent. I think you’ve explained that to my satisfaction. But I just wondered about the supplies and services, what the consequences would be of holding the line from your 2014-15 revised budget for the coming year, leaving aside the salaries and benefits and all that.

**Mr. Graff:** Okay. Well, the obvious answer, to me, is that we would have to reduce the costs of our supplies and services, and that would start with looking at our IT. That’s really the biggest request that we’re making of this committee. The consequence is that our costs will go up if we do that. We’re of the view that we pay now or we pay later. I think that is the circumstance we are in. That would be my quick response to you.

**Dr. Brown:** Well, you have an \$89,000 increase in your information technology budget there, but you also have further down, on the capital, \$100,000 built into that as well. Maybe you could just elaborate a little bit on your answer there. Under information technology and shared services you’re asking for \$695,000 from \$606,000, so that’s an \$89,000 increase there. Then below, under information technology hardware and software, you’re asking for another \$100,000.

**Mr. Graff:** Yeah.

**Dr. Brown:** They are not the same thing, I assume.

**Mr. Graff:** No, they’re not. They’re not. And I may struggle a bit with the answer because there is a relationship between them. Without doing one, it doesn’t make sense that we can do the other, so I’m bit uncertain about that.

**Dr. Brown:** Okay. So the information technology is what? That’s contract services, you know, to put the – what is it?

**Ms Russell:** The information technology and that is the actual migration. Once we move it out of Human Services and that, we are actually moving it into our environment, and that’s where we are looking at the cost of that migration. To move data, to move the actual applications, we’re setting up new servers and all of those things for that. Those are right now within Human Services. The contract cost was for project management because we have to pay for the other side of it to get it out of Human Services. So that’s what that project management cost is, to take it from theirs, and once it’s on our side and we’re looking at that, it becomes our IT cost.

**Dr. Brown:** But you already have a \$606,000 budget. My question is: the \$89,000 in addition, you’re saying that you need that to make this transition?

**Ms Russell:** To make the transition.

**Dr. Brown:** And \$606,000 is just an ongoing IT cost, you’re saying. You can’t accommodate it within that, the previous budget?

**Ms Russell:** We’re hoping that over time those costs will go down because in the interim we’re going to be having two service providers. We’ve moved our computer-managed operations to our

new environment. So we have a service provider there, and then we also are continuing to have to pay for application maintenance. I mean, our intent is that once we’ve moved them, those costs will actually decrease in the future.

**The Chair:** Let’s let that percolate a bit there, Dr. Brown.

We’ll move on to the hon. Member for Edmonton-Calder, who has been waiting patiently for his questions.

**Mr. Eggen:** Thank you, Mr. Chair. I’m just looking at your budget for investigations from 2014 to the estimates that you have for 2015-16. It’s pretty near triple, and I’m just wondering if you could elaborate on that. Is that a manifestation of more cases, greater demand, past underfunding, more responsibility being placed on your office in regard to these things?

**Mr. Graff:** I would respond by saying that it’s a combination of more demand and changes to our mandate. In Terri’s comments earlier she explained that in the first year as an independent office we received 20 reports, 17 deaths and three injuries; in the second year it moved to 35. This is our third year of operations, and we’re already to almost 40. If we go at the same level, by the time this year is over, we’ll be at 60, which is a significant increase. When we came to the committee in July, we came because we recognized that when the legislative amendment shifted so that there was that window of two years of involvement preceding a child’s death, that would increase substantially the number of reports that we receive.

I don’t know if you recall, but we had requested an amendment earlier about dealing with young people who are over 18, and we received, in fact, from this committee the support for that amendment. We didn’t anticipate that that would increase dramatically the amount of child deaths that we would be investigating, but in the second circumstance we did. In the first one we were able, I think, to make some adjustments, but in the second amendment we just weren’t able to do that. So there’s been a definite increase in the number of notifications that we’ve received, and that really is a driver. As we outlined in July, our staffing has had to increase dramatically in the child injury and death review.

**Mr. Eggen:** Well, thank you.

It seems clear that you have a definite need to increase capacity. Further to that, wouldn’t it be more rational and economically efficient that we use that capacity to have your office do all of the inquiries rather than having them dispersed through different quasi-boards like this quality assurance council that Dr. Dibden just resigned from and so forth? It would just seem more rational and economically efficient for your office to take care of that entirely, don’t you think?

**Mr. Graff:** It would be very difficult for me to comment on that. I really don’t know.

**Mr. Eggen:** Thank you.

**The Chair:** All right. I neglected to recognize Thomas. Do you want to introduce yourself?

**Mr. Lukaszuk:** Thank you. Thank you kindly. Thomas Lukaszuk. Pleasure.

**The Chair:** He’s sitting in for Genia Leskiw, who has left. Richard, you’re up.

1:20

**Dr. Starke:** Thank you, Chair. Thank you so much for coming and presenting. I appreciate it a great deal. I want to say from the outset that, like my colleague from Calgary-Shaw, I very much do appreciate the work that you do, and I recognize as well that especially because you're dealing with children, it is very difficult work, and it takes a very special sort of skill set, mindset, and just heart to be able to do this sort of work. I appreciate that. I say that from the outset because some of my comments that are going to follow are going to seem a little harsh, but it's not meant to diminish, you know, the importance of the work that you do. It's just simply to try to bring everything in line with some economic realities that we face.

I'm just going to make this as a parenthetical comment, Mr. Chair. I heard it now, and you're the second group that has said this, and I'm going to strongly suggest that you alter your vocabulary on this. Underspending your budget by several thousands of dollars – I believe you said that it was by \$327,000 – is not a surplus. That word was used here, and it's been used in other things. Those aren't surpluses. Those are situations where the full amount of your budget was not expended. The savings that you've gleaned are certainly appreciated, but that's not a surplus.

**Mr. Graff:** Yeah. Your point is well made.

**Dr. Starke:** Okay. Moving on, though, I appreciated your response to my colleague's question with regard to clarifying that we're somewhere between no progress being made whatsoever and what you've actually said as far as substantive progress being made on several files. I do appreciate that clarification. We'll leave it up to the Official Opposition to suggest that no progress has been made by you.

But I would like to probe a little further on the lack of progress on the overrepresentation of aboriginal children because that is certainly very important. You know, your annual report very clearly points out that aboriginal children still constitute a large percentage, 1,642 cases served as opposed to 1,111 last year. I think we've recognized that for some time. When I look in your business plan, I also note on page 3, "A disproportionate number of the children in care and in the youth system are Aboriginal." So that's acknowledged there.

But it says right here, "We have heard from Aboriginal leaders about the need for a different kind of relationship with the Advocate's office." Then I hear that you did 250 and some-odd presentations last year, that you made presentations to the youth in the Legislature, that you made presentations to Camp fYrefly, that you made presentations on the right to play, and I'm thinking to myself: where are the presentations to aboriginal youth communities, or why is it not in a similar percentage to the youth that you are serving? Would it not make sense, as you're making presentations, that there be some relationship between, you know, the target – I hate to say target mark; that's ridiculous – that we're trying to achieve and the actual presentations you're making?

**Mr. Graff:** Well, certainly, you raise a good question, and it's an important one. When I refer to the fact that the advocate's office needs a different relationship with aboriginal communities, I speak to that in terms of both our history and our way of thinking about the aboriginal community's involvement with the child intervention system, not just with us.

Our history at the advocate's office has been one of having some level not of disengagement but certainly of challenge around being able to access aboriginal communities. There's a process, as I'm sure you're aware, in terms of the importance of the right

protocols, et cetera, for being involved. In that regard we've done a significant amount of work. When we first became an independent office, we identified aboriginal engagement consultants to help us understand better about: how do we do this work responsibly? How we do it respectfully, et cetera? We've had a number of aboriginal stakeholders come to our organization and help us with some of that learning. We've also had, you know, our own education folks go out to aboriginal communities and work quite effectively in terms of the public education presentations. That may not be reflected well enough in terms of our reports.

More recently, you know, in the last year or so I've met with each of the grand chiefs of the treaty areas to talk about the work of my office, to talk about what our priorities are and why it's so important for us to engage with aboriginal leadership in terms of change in processes and the roles that we might be able to play. I met with the Treaty 8 executive council, the all-chiefs council, to talk about the challenges that they face in terms of child intervention but also our office and how accessible we are to them. One of the things about our office is that our advocates go to those communities, so when we have children who need advocacy in Fox Lake, we have people who go there. In fact, the First Nations communities appreciate that very much.

I've also met with the Métis Nation of Alberta leadership and spoken to them about the importance of these issues for Métis young people. In fact, from that discussion I was invited to speak to the Métis general assembly, which I did and which was very well received by their membership in terms of the comments that I had to make and the importance of us forging a new relationship with those groups.

I think I would respectfully submit that our efforts in relation to aboriginal communities and our participation in terms of creating a renewed relationship, if you will, have been substantial.

**Dr. Starke:** Well, I'm certainly glad to hear that. I mean, I think the one thing that certainly we can agree on is the need to engage aboriginal communities in a way that is respectful of their culture and respectful of, you know, just the fact that there are different ways of engagement, that we have to understand, that will be more effective. Certainly, our people that work in Aboriginal Relations are finding that as well, and I think that we can build on that because I do think there has been an improved dialogue, certainly, for example, on the Métis settlements and some of the new legislation that's gone ahead there.

I'd like to shift gears, Chair, for just a second for my supplemental question, dealing with the legal representation section. I want to first of all say that I really appreciate that the advocacy part of this was split out. You know, you have a number saying: this is 27 per cent of what we do. I'm assuming that that's the description. I, quite frankly, really appreciate when the budget figure is not only given by wages and that sort of thing, but it's also by activity. I think that's very helpful, and I think it's very important in any sort of – again, using a business model, you find out what the different phases of your business are doing and what percentage of your overall budget and activity they take up.

So I want to zero in a little bit on the increase in legal costs. While I appreciate that legal fees haven't gone up for six years and that at \$125, even \$130 an hour, that we're paying the legal counsel, I would suggest that we're probably getting a bargain because my guess is that most of these lawyers probably could charge in their private practices a much higher hourly rate. So, in effect, they're sort of doing a measure of pro bono work, we'll say, on behalf of the children, which is fantastic. That being said, though, I'm troubled by the increase in legal fees.

I'm also troubled by this notion of a file closure letter. We're told that we need a file closure letter to prevent ongoing costs from accumulating on those files. I guess my attitude is that if the file isn't active, there should be no ongoing costs. If the file is active, okay, there are, but if the file isn't active, there should be no ongoing costs. So keeping it open shouldn't result in additional costs, and if in fact the file is done and closed and we just failed to have a letter, then why can't we just get a letter? Why do we have to pay to be told that the file is closed? You know, it seems to me that justifying the paying of a fee to just be told that a file is closed when we're trying to look for ways to save money – maybe it's not a whole ton of dollars, but to pay a file closure fee just seems a little bit over the top.

1:30

**Mr. Graff:** I certainly hear what you're saying. I don't know how to respond. It is a submission that we've made. It's one that we think is not unreasonable. If you do, then that's the purview of the committee. I hear your commentary. I don't want to disregard it.

**Dr. Starke:** Okay.

Thank you, Chair.

**The Chair:** Thank you.

I have no more questions. Does anybody else before we let these four or five people go? Okay. Thomas, go ahead.

**Mr. Lukaszuk:** Thank you, Mr. Chair. Please do excuse me. As you heard at the outset, I am sitting in for a member who simply could not be here for very good reasons. So my level of understanding of your operation is not as detailed as hers would have been.

Can you explain one discrepancy? I notice on your submission that your investigations have risen at an astronomical rate, which is good because that is your primary role, without a doubt, but I notice that your legal representation for children and youth has pretty well flatlined. Is that telling me that most of your investigations turned out to be such that they don't require legal representation, or is this legal representation – well, it says for children and youth. So is there a correlation between how many cases in which you actually retain legal counsel vis-à-vis the investigations? You'd think that both of them would be rising roughly, statistically at the same rate, wouldn't they?

**Mr. Graff:** No. They're two quite distinct areas of our work. The legal representation for children and youth is where we provide lawyers to young people who have matters in front of the courts for the Child, Youth and Family Enhancement Act. Our roster of lawyers represents those young people in those court matters. Our investigations are about children who are seriously injured or die while they're receiving designated services. So they're quite distinct. Our investigations have risen dramatically primarily because of a number of mandate adjustments that have come by way of legislative amendments. There haven't been any legislative amendments related to the legal representation for children and youth.

**Mr. Lukaszuk:** Okay. Thank you.

**Mr. Graff:** Thanks.

**The Chair:** All right. David, go ahead.

**Mr. Eggen:** Yeah. Thanks. I'm just looking at your education and engagement budget. It's forecast to stay pretty steady or flat over the next few years. I'm just wondering if this is just you exercising

some triage with your budget and with moving more of your funds and so forth to investigations. I'm just wondering if you believe that your programming budget for education is making sufficient strides in educating the public about your office and the work that you are mandated to do.

**Mr. Graff:** Well, certainly, I could comment that our education and engagement budget – our request is for a consistent level. We have done what I think is an awful lot of work in terms of trying to find ways and means to engage particularly young people in a greater awareness of our services but also to stakeholder groups, et cetera. We've in fact, I think, shown some pretty significant innovation in that regard.

When we plan a budget submission for coming before the committee, we really are aware of what it is that we actually need. I mean, we would love to have additional resources for education and engagement because there is more that can be done. I wouldn't want to suggest that there's not. But when we say, "What is it that we actually need to have?" we need to have those FTEs that were covered for seven months. We need to have them covered permanently. Our view is that we need to have those applications. We need to have the increases to LRCY lawyers. Our want to have more education resources is there, too, but we don't add that to our submission because we're, I guess, focused on that: what do we need?

**Mr. Eggen:** Right. Yes. Fair enough.

I guess my supplemental to that is that, you know, clearly we're seeing an exponential growth in the necessity for more investigations. I find that very disturbing, quite frankly, and I'm sure that you do, too. Is there a larger circle we can draw around this to encourage prevention somehow to ultimately reduce the number of cases that we need to investigate because there are less cases, in fact, that exist because of some other thing we could do?

**Mr. Graff:** Well, I would have some level of speculation to describe what that might look like. One of the things that I could say is that the recommendations that we make in our investigative reviews, the things that we ask government to consider in terms of taking action, are really intended to do exactly what you're talking about. They're intended to reduce the likelihood that this is going to happen in the future and improve the system that serves children. So the more that we're able to see intentional action and resources and will to move forward on those recommendations, the more likely we are, I believe, to see a reduction in the kinds of circumstances that we're reporting about.

**Mr. Eggen:** That's very insightful. Thank you.

That's all I've got.

**The Chair:** That's all you've got?

All right. Everyone's okay? Well, wonderful.

Thank you, guys, for being here.

**Mr. Graff:** Thank you.

**The Chair:** You've helped with our timing, too. So, thank you, Mr. Graff, Ms Stewart, Ms Russell, Ms Davies, and Tim, sitting back there, as well, for your presentation today and for responding to the questions. The committee's decisions on the officers' budgets will be sent out next week, for your information.

**Mr. Graff:** Thank you very much.

**The Chair:** Great. So, yeah, we are a bit ahead of time. We'll take a five-minute break. During that time I've asked the committee

clerk to prepare some historical data from each of the offices here, which she'll be passing out, as well as the suggested draft motions for later just so we have some time to kind of take a look at it. And the AG's office will be here at 2 instead of 2:25, for your information. We'll be back on the record in about 10 minutes.

Thanks.

[The committee adjourned from 1:37 p.m. to 1:59 p.m.]

**The Chair:** Okay. We'll get back to the meeting, everybody.

Is Alana on the line still? No? Okay.

**Ms DeLong:** Yeah, I'm here.

**The Chair:** Oh, Alana is here. Wonderful. Thanks, Alana.

I'd just like to welcome the Auditor General and staff from his office to the meeting. We'll take a quick minute to do introductions of the members, staff, and guests at the table. Also, thank you very much for accommodating our schedule and showing up about 40 minutes earlier than expected. Thank you.

I'm Matt Jeneroux, MLA, Edmonton-South West, and chair of the committee.

**Dr. Starke:** Good afternoon. Richard Starke, MLA, Vermilion-Lloydminster, and vice-chair.

**Mr. Quadri:** Sohail Quadri, Edmonton-Mill Woods.

**Mr. Wilson:** Jeff Wilson, Calgary-Shaw.

**Ms Eng:** Loulou Eng, senior financial officer, office of the Auditor General.

**Ms McHugh:** Ruth McHugh, executive director, corporate services and office accountability with the office of the Auditor General.

**Mr. Saher:** Merwan Saher, Auditor General.

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

**Mr. Eggen:** David Eggen, MLA for Edmonton-Calder.

**Dr. Brown:** Neil Brown, Calgary-Mackay-Nose Hill.

**Mrs. Sawchuk:** Karen Sawchuk, committee clerk.

**The Chair:** Wonderful.

We've given you guys 20 to 25 minutes, so we'll put you on the clock. You're the last of our presentations, and the best has come in at 13 minutes under. It doesn't give you a lot to work with, but good luck.

#### **Office of the Auditor General**

**Ms McHugh:** Thank you so much, Mr. Chairman and committee members. We appreciate you spending this time with us and allowing us to present our results analysis for the year ended March 31, 2014, our business plan for 2015-16, and our 2015-16 budget request. These reports as well as a short overview presentation were provided to you, and I trust everyone has a copy of the package. If not, we've brought extras. Everyone is good? Great. We'll go on, then. Thank you.

Our presentation agenda has three parts: where we've been, where we are, and where we're going. Where we've been was presented in our March 31, 2014, results analysis, which was published in our October 2014 public report of the Auditor General. Building on our core strengths and strategic intent, we

have created our business plan and budget for the fiscal year ending March 31, 2016, and that's going to talk about where we are and where we're going.

Let's start with where we've been. Our results analysis report summarizes our achievements in 2013-14, and it identifies the things that we've learned and plan to apply in the next business cycle. In creating our report, we use a results management framework that integrates three central processes: governance, oversight, and accountability.

Governance is the structure and processes that we use to bring together capable people and relevant information to achieve cost-effective results. Oversight is the glue that holds our results management framework together. Without good oversight we can't be sure whether we're managing our resources cost-effectively in producing our audit results. Accountability is management's obligation to show continually improving results in a context of fair and agreed on expectations. To ensure that Albertans receive the value for money they deserve from our office, we follow this clear process for accountability. I think that when you look at the framework on slide 3, it will look pretty familiar to you because we've published that in one of our reports this year.

As you know, the office of the Auditor General serves the Legislative Assembly and the people of Alberta. Our mandate is to examine and report publicly on government's management of and accountability practices for the resources entrusted to it. In 2013-14 the Legislative Assembly, through the standing committee, approved \$26.1 million for operating expenses and \$560,000 for capital investment, a total of \$26.64 million, allowing us to fulfill our mandate under the Auditor General Act. In 2014 we returned \$485,000, or 1.8 per cent, of unspent funds from the approved budget. Over the past five years the office has returned \$2.25 million to the Assembly, also an average of 1.8 per cent. That's actually shown in a table on slide 4.

On that table you'll see that a small surplus or deficit occurs every year. This is because our business cycle ends June 30, when we issue the Auditor's report on the province's consolidated financial statements, but our fiscal year ends March 31, requiring us to estimate pre and post fiscal year resource deployment. While those estimates are good, they can never be quite perfect.

As expected, in our professional services business, salaries, wages, employer contributions, training, and professional service contracts for agents and temporary staff represent the vast majority, 93 per cent, of our total expenses. There's a picture depicting that on slide 5. The majority of our resource pool is internal staff supplemented by agents and temporary staff contracted from Alberta accounting firms when required to meet peak work demands, to provide specialized skills, and to save on travel costs.

**2:05**

The table on slide 6 provides an overview of actual expenses compared to budget. You'll note on there some that have slightly larger numbers, and I'll just touch on those. The variance in agent and other audit service fees is primarily due to the move of 16 projects – 10 projects for child and family services authorities and six for persons with developmental disabilities – that were originally planned for completion in fiscal 2015 that were moved to the end of 2014. As well, we experienced a larger than anticipated audit scope increase in the first half of 2014, when schools, universities, colleges, and hospitals changed over to public-sector accounting standards. Knowing that you've had this information for prior review – we sent it on to you, I think, on November 20 – I won't walk through it in detail, but we're sure

happy to answer any specific questions that you might have, either through our presentation or at the end, however you wish.

In measuring our performance, we focus on the three Rs that influence our business plan: relevant, reliable, and reasonable cost audits. The performance measures chart on slide 7 is quite self-explanatory, but again we're happy to answer any questions or provide additional information to you whenever you're ready.

Our mission is to serve Albertans by conducting comprehensive, risk-based audits that provide independent assessments to help the Legislative Assembly hold government accountable. The OAG publicly reported 29 systems projects in 2013 and 2014; 26 were stand-alone audits, which audit major programs or initiatives that an organization undertakes to achieve its goals. In a stand-alone systems audit we answer the question: does the organization have the policies, processes, and controls to accomplish its goals and mitigate its risks economically and efficiently? Such systems include procedures to measure and report on the effectiveness of those programs.

Some systems audits are by-products of other audits. If we find that an organization could improve its systems in areas such as governance and accountability, internal control over financial management, information technology, or performance reporting, we will make recommendations to management. We concentrate on areas that will result in improved oversight and ethical behaviour – these underpin the success of any organization – the safety and welfare of all Albertans, especially the most vulnerable in our society; the security and use of the province's resources, which belong to all Albertans and must be protected.

Slides 9 and 10 list 26 stand-alone systems audits for 2013-14. The cost to conduct those systems audits accounted for 23 per cent, about \$5.9 million, of our total operating costs.

In reviewing and considering the office's 2013-14 performance, we identified the key learnings that are outlined on slide 11. Lessons from each of these important observations have been incorporated into the priority initiatives that we will focus upon in 2015-16.

Having now discussed where we've been, we're going to turn our attention to where we are and where we're going. In fulfilling our mandate and in pursuit of our vision, adding value through expert auditing, our goal is to maximize relevance and reliability within the constraint of reasonable cost. This goal is represented by the congruity of the three Rs depicted in the diagram on slide 12. Our business plan was built to ensure that our audits are relevant, reliable, and conducted at a reasonable cost.

As legislative auditors we have a profound understanding of the environment that we're auditing. We also have a unique ability to communicate the complex technical concepts that we encounter in an understandable manner. By leveraging these core strengths, we will succeed in our strategy to perform more added-value systems audit work. We believe that performing more added-value systems audit work aligns with our continuing goal of providing Albertans with relevant, reliable audits at a reasonable cost.

We've identified a number of tools to assist us in successfully implementing our strategy, and they're outlined for you on slide 13. One of these tools is the use of agents. We use agents to assist in carrying out a number of our financial statement audits. By strategically using agent services and expertise, we can continue to identify opportunities to redeploy some of our legislative audit specialists to bolster our systems audit capacity.

Another tool is evaluating engagement continuance where redundant audit assurance may be present. To be sure that Albertans obtain maximum value from each financial statement audit, we will continue to evaluate whether an audit is necessary and whether it should be conducted by the Auditor General. Every

audit we do should add value. Any resources we can free up will be redeployed to complete more systems audit work.

Another strategic tool is to operationalize the optimal staff mix. We will continue to monitor and analyze what constitutes the optimal mix of staff at various levels to achieve our strategy. The next step is to work toward building our internal competencies and recruiting, if required, to ensure that we have the optimal mix of skills and experience on each and every audit. For example, systems audit work tends to require more senior staff. We need to make sure that we are able to do that. This approach will provide our people with diverse, interesting, and challenging work while maximizing the value of our work to Albertans.

To implement our strategy, we will diversify and strengthen our office leadership team with two new business leaders, one focused on the business of financial statements auditing, and one focused on the business of systems auditing. The office leadership team brings together capable people to lead relevant auditing reliably at a reasonable cost. Every role on the team is different; hence, its strength. Working collaboratively for the best interests of the office and all Albertans, our focus as a leadership team will be strategy, people, results, and learning.

Reflecting on what we've learned in 2013 and '14 and understanding the steps to achieve our strategy and provide maximum value to Albertans, we have identified five priority initiatives for the upcoming business cycle, and we've outlined them for you on slide 14.

The first is effective and sustainable people development. The right complement of staff skills and ongoing people development is critical for high-quality and cost-effective auditing. Maintaining a workplace that facilitates recruiting, growing, and retaining skilled legislative auditors is vital to our success. In our professional services business within this competitive Alberta economy we recognize the need for strategies directed at staff development and retention, particularly in the student through manager ranks. Our training program is designed to improve the overall effectiveness, efficiency, and personal excellence of all staff within a positive and supportive work environment. In-house training, mentoring, and support for our students will deal with changes in the professional accounting education programs that are taking place in 2015.

We commissioned an independent peer review to provide conclusions on whether we do relevant, reliable work at a reasonable cost. The peer review was completed in two stages. The first stage, which focused on the design of the office's systems, took place in August 2013. The second stage, focusing on the operating effectiveness of these systems, occurred in August 2014. The findings from this external peer review will be used to improve our audit and operational processes and will be made public. When we make the report public, we will do so by sharing it first with the standing committee through its chair and then posting to our website for public viewing. As well, our results analysis report for fiscal 2015 will highlight the peer review and our response. We have found the independent peer review to be useful and will establish an appropriate interval between future reviews based on a study of best practices.

Outstanding recommendations. As we outlined in the report of the Auditor General of Alberta, the October '14 public report, there are 196 outstanding recommendations. It is our intention to focus on the implementation of recommendations that are more than three years old and to schedule timely follow-up audits of departments or agencies that have notified us that they're ready.

Corporate accounting policies. We view the controllers' success in articulating and enforcing corporate accounting policies as important because it directly impacts the consistency of the

financial statements as well as the efficiency of financial statement preparation and the audit. Therefore, we intend to assist as requested.

2:15

Next year as well we intend to perform a number of smaller systems audits. We will conduct these smaller systems audit engagements approximately 500 hours or less in addition to our larger and broader systems audits. We feel this will create greater flexibility in our deployment of resources to systems audits and will increase the breadth of our systems audit portfolio without impacting our ability to carry out larger systems audits. We believe this initiative will have a positive and direct impact on our office doing more added-value systems audit work.

We will hold ourselves accountable to our business plan using our results management framework, the one I talked about earlier, and we'll publish our results analysis report based on that framework. In measuring our performance, we focus on the three Rs that influence that business plan: relevant, reliable, and reasonable cost audits. The performance measures chart on slide 16 is self-explanatory, but again we're happy to answer any questions or provide additional information later on in the presentation if you have questions.

On slide 17 you'll notice an outline of our resource mix. We feel a mix of 70 per cent of resources dedicated to financial statements and 30 per cent dedicated to systems audits is best for Albertans. We believe this mix will provide a manageable number of valuable recommendations. Albertans see true value from our work when recommendations are implemented. Thus, our audit mix must balance work producing new recommendations with follow-up audits to see if recommendations have been implemented. In addition to considering our office's capacity for auditing, we also considered the government's capacity to implement our recommendations when setting our target of 70-30.

As you can see on slide 18, we plan to conduct 36 systems audits in 2015-16. The table on pages 8 and 9 of our business plan lists the planned systems audits. If you'd like to discuss our upcoming work, we're happy to do so now or later in our presentation if you prefer.

For the March 31, 2016, fiscal year we are requesting \$28.6 million. We are very pleased to have built a business plan that will achieve our strategy of doing more added-value systems audit work without much additional cost. Our request is 4.6 per cent more than the prior year, and it's described for you on slides 19 and 20. Since our primary resource is people, salaries and wages, at \$740,000, or 5 per cent, is the most significant operating expense increase. Approximately half of this is due to the GOA salary grids increase, that I'm sure you're all aware of, and performance growth adjustments for students and staff. The other half is the addition of two executive directors to strengthen our two lines of business.

Employer contributions at 7 per cent is tied directly to the salary base, and it's predetermined. Advisory services will support our priority initiative of effective and sustainable people development with performance management coaching.

You'll note that temporary staff services has decreased due to more internal audit staff, reducing the need for temporary staff.

Agent and other audit service fees. Use of agents is one of the key tools in implementing our strategy to perform more added-value systems audit work by redeploying some of our legislative audit specialists to bolster systems audit capacity; in other words, freeing us up to do what we do best.

In summary, we're very pleased to have developed a business plan and budget that will achieve our strategy of doing more

added-value systems audit work while holding costs to a reasonable level.

This concludes my presentation. Thank you so much, Mr. Chairman and committee members. We're happy now to take any questions that you have.

**The Chair:** Wonderful. That was a great presentation and a respectable six minutes under. Well done. [interjection] Yes. So who won? Del Graff won.

I will now open the floor to questions. I have Sohail on the list.

**Mr. Quadri:** Thank you. A great presentation. On pages 12 and 13 of your business plan you are suggesting, or asking, to hire two new executives for planning and management of auditing business, and this overall increase for 2015-16 is \$740,000. Can you please give us some more detail? Why is it so important to hire these two people?

**Mr. Saher:** Sure. Let me go first and then, Ruth, feel free to add to that. I knew you were going to ask this question. I would have been surprised if it hadn't been asked. So this is how I'll answer it. You know, as the Auditor General people probably think about me most in the role of being at the forefront of presenting our audit work to the public and to MLAs. I'm also the CEO of an organization, a business, that has two lines of business fast approaching \$30 million a year. As the CEO of the business I am acutely conscious of that fact, and in fact our whole presentation is built around two major lines of business.

If it were handy to you, I'd ask you to maybe turn to schedule 1 of our business plan. It's actually the very last piece of paper in the business plan. There are a lot of numbers on that schedule, but what you'll see is that it's organized period by period in terms of those two lines of business. So if you look at it in a vertical way, you'll see the costs that we plan to incur to deliver the projects under those two lines of business, and if you look at it horizontally, you'll see the areas in which the audit work will be done. I'm choosing to ask you to look at this because it, I think, most simply illustrates why I believe my office needs these two business leaders.

We have all of the leadership we need. We have incredibly skilled people who execute the projects. These are professional auditors following professional auditing standards, and that is overseen by assistant Auditors General and, ultimately, me as the Auditor General. We believe that we are excellent at managing the quality of our work, and that's best seen in that horizontal point of view, project by project in certain areas, resulting in public reports.

If you look at this in the vertical way, you'll see that all of that work that's being executed is actually in two lines of business. What the office needs is greater and more focused leadership in process efficiency. I have no doubt that we are able to deliver quality product. I believe that with the introduction of two business leaders – and that's approximately half of that increase in the compensation costs of the office that we're requesting – we will be able to bring greater efficiency to the execution of our work.

So it's a pure business proposition. It's looking at our business through its two lines of business, having the leadership that will look at how audits can be best delivered from start to finish. At the start one might argue that in the financial auditing space, in which our goal is that that be no more than 70 per cent of the costs of the office – and you'll see the percentages. For the year that we're talking about, we're going to aim for 74 and 26, but our ultimate goal is 70-30.

That challenge of driving down the costs of the financial audits: we can't change the volume we do because we are the statutory Auditor for all government entities, essentially, but we can work harder and perhaps even smarter and innovatively at how we can deliver that legislatively required financial statement mandate as efficiently as possible because every dollar that we can save in that line of business we want to transfer to the systems line of business to produce a certain greater number of systems audits. So two business leaders to look at how we deliver our product from beginning to end, not interfering with the professional side of the work.

2:25

The worst thing that would happen would be if my senior engagement leaders, those who lead the audits, felt that this request for business process leadership was in some way designed to interfere with exactly how they carry out their professional responsibilities. It's not that. It's looking at the delivery of an audit from the beginning to the end. It's selection and how we resource those. This is why Executive Director Ruth McHugh, on my left, who's responsible for our corporate services – I mean, in simple terms she's working hard at right people, right place, right cost. With two co-executive directors looking at these two lines of business, we think that we can deliver the best bang for the buck for Albertans' investment in the independent audit that we supply to them.

**Mr. Quadri:** You know, I'm glad you just mentioned that you're a CEO of a business. You also mentioned the best cost. Would you possibly consider one person or maybe two persons in the lower wages?

**Mr. Saher:** Right. When the idea of bolstering the strength and the skills and the focus on our leadership team – when we first started discussing that, my inclination was to in fact think about that. At that point that thinking would have translated into a request to this committee for one business leader. Through discussion with my colleagues and others, the consensus is that we would be better served by in fact having both of those businesses having their own business leader.

The risk of having one is that in an attempt to drive down one side of the ledger in an effort to bolster the other, some actions might be taken that are not in the best interests of the office and Albertans. I mean, just a desire to focus on trying to get us to 70-30 could result in some plans, behaviours, actions that are not necessarily the best. So in the end we've come to the conclusion that the best way to manage this is to have both of those businesses, which are complementary. But we are currently trying to change the balance of "led," if you will, independently from a business point of view to create that challenge. I'm persuaded that the office will be better served with an investment in two individuals rather than an investment in one.

Can it be done by somebody who would be remunerated at a lower level commensurate with skill? I believe the answer is no. These people are not on the payroll yet. It's our plan to bring them onto the payroll, but when we thought about the skills needed, we've come to the conclusion that it is at the executive director level. You know, half of that \$740,000: I mean, we're talking about something like \$330,000 devoted to this initiative. I believe that in time that investment – because I do believe it to be an investment – will in fact more than repay itself in terms of us managing as an organization through the competence of the professional auditors, supplemented with the challenge of people

looking at our business activity as a line of business. I believe that cost year by year will in fact be recouped and be seen in that improvement in the bottom line.

**Mr. Quadri:** Thank you.

**The Chair:** Okay. A wonderful question, Sohail.  
Moving on to Jeff Wilson.

**Mr. Wilson:** Thank you. Thank you for the answer. I think in your answer you covered much of what I wanted to discuss, which was around ensuring that as many of those systems audits as possible can be done because they do provide such great value to Albertans. I wanted to thank you and your office for your continued great work on behalf of all Albertans.

I'm wondering based on the way you finished that statement: is there a law of diminishing returns in terms of where you would see adding capacity to your office? How far could you go to increase capacity to where it would no longer be of value?

**Mr. Saher:** I think the control point or the point at which you realize that you've reached the maximum in the sense of added quality is, we estimate, at that 70-30, that we're aiming for. We can translate what we're doing now and the effect it's having, the pressures it's putting on the office to deliver at this level, and, most importantly, the ability of the public service to respond.

I know that in previous presentations I've been asked: if we want to do more systems audits, why would we not just ask for more money to do more systems audits? The answer today is the same as it's always been. Even if you were to give us the money to do it – and we're not asking for it, but were you to think that that would be a wise move, we can't obtain the skills necessary to execute quality work. Those that lead systems audit projects have a particular talent, and it's a talent that's not easily available in the marketplace. One of our strategies is to actually – we have certain people within the organization that are actually focused on financial auditing and are equally adept and skilled at doing systems auditing, which is why we want to switch them and use public accounting firms to help us on that side of the ledger.

In the end, I think it is those two things. It's our ability to find the skill to do it and the capacity of the public service to deal with our recommendations for improvement. Those are the controlling forces, and we believe that if we can drive to 70-30, as best as we can see things at the moment, that's a good goal to strive to.

**Mr. Wilson:** Great. Thank you very much.

**The Chair:** I have Richard, David, and then Neil.

**Dr. Starke:** Well, thank you, everyone. I certainly appreciate the presentation. I served for a few months on Public Accounts, and I know that I always enjoyed the presentations there because it provides for an insight into some of the different departments that otherwise couldn't be afforded.

I'm interested in schedule 1, in which you, you know, have sort of charted a path towards that 70-30 ratio, going from 77-23 to 74-26, moving incrementally towards that. But when I look horizontally across the lines – and I'm looking mostly at the financial statements audits – I'm a little bit baffled. There seems to be no particular rhyme or reason to whether a specific ministry's or a specific department's financial statements audits are going to go up or go down or go up incrementally. There seems to be a lot of variation there, and I'm puzzled as to why that would be. For most of these ministries the scope of their activities and the complexity of their financial statements would not change

in any germane way from year to year, so I'm curious to know why there's so much variation.

I mean, I could point out some examples, but I think that probably you know what those are as well as I do. Agricultural and Rural Development: \$735,000 forecast for this year, \$847,000 forecast for next year, and for a systems audit \$99,000. I can understand the systems audit because there might be some specific aspect that you want to audit – AFSC or God knows what or some program that they're running – to determine whether taxpayer value is being realized. I get that, and I can certainly understand how that fluctuates, but I'm having a harder time understanding why the financial statements would fluctuate so much. Maybe you can give me some perspective on that.

2:35

**Mr. Saher:** I'll have to generalize in my answer, but I could go to a specific one in a moment. The financial attest process starts with an audit team with the task of carrying out sufficient audit work to support an Auditor's report that the financial statements are complete and in accordance with accounting standards at the end of the work program. That starts with a risk assessment, which is looking in closely at the organization, its staffing, and the environment in which it's working. That environment can change through external pressures, with new accounting standards and different focuses. For example, one new focus in the year ahead for the office will be ensuring that contaminated sites are properly identified and accounted for. Accounting for contamination is now an integral part of accounting standards. So I'm using that as an illustration that it's not a static environment. We being the auditor could be static, but the approach to the audit is not static.

Where you see increases other than the general increase that would be coming from the pricing of the audit staff doing the audit – it's a fact of life; that goes up. Factoring that in, I think what I'm trying to say is that it's not exactly the same audit each year. The team exercises its professional judgment about the risks. Part of that is informed by the previous audit, where we've had problems or identified areas where we think we should spend more time.

I will draw to your attention, if I may, the top section. It's in the category of Alberta's Economic Future, Innovation and Advanced Education. I'm particularly pleased with the reduction in costs. So if I just pick the first number on the left-hand side and round it up to \$5.2 million and if you look across at where we're predicting \$4.2 million in our estimate, that is a significant reduction in audit efforts. It's the result of fresh risk assessments as to what the underlining internal control risk is to us as auditors. It's a function in part of, if I could connect this to our public reporting, the scorecards that we started using a few years back, where we were grading institutions on the quality of their financial reporting, their ability to provide to us financial statements that we could audit efficiently, and the speed with which those were provided to us. That has had a profound impact on the quality of what it is that we're asked to audit. That can drive costs down.

It works in reverse. In fact, if we predict that there are going to be problems with the quality of what we're given to audit or that it's going to be provided to us in less than the most effective way, that can result in us predicting an increase in cost.

There's an example where, through the entity itself taking real control of its obligations to produce good financial statements coupled with excellent and improving oversight from the boards of those entities, who have become much more engaged – we've pushed for that. Internally, we've done our very best to conduct those risk assessments, if I can put it so, as aggressively as

possible without exposing us to a reliability risk. You can see a huge improvement.

It's also affected by the fact that in that first column the accounting in that sector was done in a particular way according to a particular set of accounting standards. The whole of that sector has now moved to public-sector accounting standards, which are universally used across the public sector, so we're over that hump. The management group is over that in terms of bringing those standards into play and us assessing whether or not the entities are producing statements in accordance with those standards. So there's an example of how the financial statement costs do vary, can go down, and also I hope I've explained sufficiently how they might go up.

**Dr. Starke:** Well, actually, that sort of begs the question, although I'll just, you know, perhaps ask it but not necessarily expect a reply because I have a different question I want to ask for my supplemental. But I'm looking at – you begged the question: what are the areas where it's gone up? The million bucks that we saved on Innovation and Advanced Education got chewed up by Treasury Board and Finance. Another area where I'm noticing a big decrease is Human Services, from \$1.5 million to \$800,000.

I mean, especially when you're used to seeing budgets where the changes in the amounts are somewhat incremental, to see some of these fluctuations is interesting. I don't pretend to understand, you know, all the reasons behind them, although certainly in the case of Innovation and Advanced Education I would agree that that simple three-light scorecard – every board of governors in the province knows darn well whether they're getting circles or boxes or triangles. That has been a very simple way to kind of jack them up, and I guess I wish that there was a simple way to do that for a lot of other entities.

My question, though . . .

**Mr. Saher:** Could I just respond?

**Dr. Starke:** Of course.

**Mr. Saher:** Just briefly, if I may, Mr. Chairman. I'll take you up on your offer not to get into the increase on Treasury Board and Finance here this afternoon. But on the other one, the reduction in Human Services, that is simply because of the change in the way that Human Services is delivering its mandate. The child and family services authorities and the PDDs: the way the system was structured required us to perform individual and separate audits on each of those entities. That's now changed. Those entities exist, but their accounting will be consolidated directly into the ministry. We're not doing individual audits there anymore. That's a case where, you know, a change in the delivery program has resulted in a change in the audit requirement.

Actually, we in the office were so pleased that that change was instituted, for all of the reasons that it was from the outside, because we were building a case to come to that ministry and argue for – notwithstanding that those entities existed, it was not our business to argue that they should be changed in any way, but we had planned to come forward and say that we're not sure that each one of those authorities actually required its own financial statement audit. So we were pleased that, in a way, that reduction in cost was essentially handed to us on a platter.

**Dr. Starke:** Well, it's nice when we can actually anticipate what you'd like us to do instead of waiting for you to tell us to do it.

I'd just like to move on to another area. That's on page 7 of your slide deck, and that's the performance measures. Now, these are always interesting in that, you know, there are always a



number of reasons why you do or don't hit targets. In some cases the targets are a little out of your control, specifically the recommendations implemented. I mean, clearly, you can make the recommendation, but whether it gets implemented or not is out of your control. I guess I'm curious about the relatively low percentage or, certainly, well below target percentage of financial statements that were audits that were completed within budget. Now, your target was 90 per cent. You achieved 59 per cent, which is even a decrease from the somewhat mediocre at best 67 per cent the previous year. I was wondering if you could offer some commentary on that, or is that our fault, too?

**Mr. Saher:** Ruth will tackle that.

**Ms McHugh:** Yes, I will tackle that. We identified four main reasons for not meeting our performance target. They were identified in our results analysis report, but let me just highlight them for you here. One was that the changes in the financial reporting standards caused audit scope increases in the postsecondary institution and health audits segment during that time period. The other was that – and we've touched on it a little bit already – too much time had been spent by our staff assisting our audited entities with guidance related to their reporting requirements and their readiness. When management is not properly prepared and ready, it causes delays in our audit schedule and increased time and cost to conduct those audits. Learning from this, in our new business plan, that we've just sent to you, we've outlined that initiative on corporate accounting policies. Again, we view the controllers' success in articulating and enforcing corporate accounting policies as important. Therefore, we will definitely assist as we can with that.

2:45

Actual hours and costs during that period were also negatively affected by staff departures, requiring more on-the-job training, rework, and supervision than we had originally anticipated. Again, learning from that, we have redesigned key HR initiatives like performance management, our compensation guidelines, and our career adviser program to enhance our ability to recruit and retain high-quality staff. I can assure you that a tremendous amount of internal effort has been spent on that, and we can see that it's reaping rewards already.

The other impact here. When budgeting for 2013-14, we reduced our financial statement audit budgets quite aggressively to provide a potential opportunity to redeploy resources to conduct more systems audits. It made the individual audit budgets much more difficult to meet, and I'm not sure that we didn't get too aggressive on how much we had hoped we could cut them by.

Does that help to answer your question?

**Dr. Starke:** Yeah, it helps a great deal. I guess the one part of that that's a little concerning to me is that it sounds like we at least have some departments where the controllers within those departments are maybe not quite up to speed or up to the level.

**The Chair:** Let's let some other folks have a go.

**Dr. Starke:** Really?

**The Chair:** Yeah. I'm not the popular guy in the room for letting you keep going there, Richard.

David, go ahead.

**Mr. Eggen:** Thank you, Mr. Chair. I always find it interesting to witness the Auditor's office doing a systems analysis of

themselves. It's kind of like an exercise in self-criticism in a way, which is, I think, refreshing in some ways.

My first question is very similar to what you were just speaking about back in your last answer. My concern is that there are 40-some outstanding recommendations from 2013-14 and the follow-up audits are considerable, 25 older than three years, that are unfulfilled. So I'm just curious to know the certain departments or ministries where these are concentrated and where and how this problem might be coming to be and carrying on for so long. You make very interesting analyses, we spend a lot of money, and then you're sitting sometimes, you know, more than three years, five years without any kind of measurable correction.

**Ms McHugh:** I can certainly address part of that question, and then, Merwan, perhaps you'd like to step in. You're absolutely right. Looking at all of the results, I think that we can see that timely follow-up on past recommendations has yielded positive results. We've reduced the number of recommendations that remained outstanding for more than three years from 55 in the previous year to 47 in the current year. We've learned that reducing a backlog of outstanding recommendations requires singular focus. We also want to acknowledge right now that we very much appreciate the support of the Public Accounts Committee in this endeavour. Our ultimate objective is to have no recommendations older than three years.

**Mr. Eggen:** Right. Okay. Again, as I had mentioned, are there certain ministries or departments – I mean, you are now meant to be doing systems audits on agencies and boards and all manner of things. Are we seeing a logjam in any particular area?

**Mr. Saher:** Well, the ones that concern me are the long-outstanding recommendations with respect to capital. In fact, our four outstanding recommendations, which are listed in our last public report on the Ministry of Infrastructure, relate to capital planning, prioritization, deferred maintenance. It's been the subject of much discussion in the last few days. The fact that those outstanding recommendations have actually made their way into a newspaper is something new and different, if I can put it that way. I mean, there is attention being drawn to an Auditor's outstanding recommendations. It's sort of unprecedented to have a recommendation actually printed there and, you know, subheaded "outstanding."

When Infrastructure last appeared before the Public Accounts Committee and was asked that question – why are these outstanding? – I mean, the answer was that the capital planning process has shifted between ministries three times in the recent past. The deputy minister – I reread her comments this morning – essentially told the committee that that ministry had just reinherited the portfolio, was working to bring into place systems, processes to execute capital management.

My point is that in an environment where things are changing, it's very difficult. No one is keen to invite us back to do a follow-up audit, and we're not actually been to go back and do the follow-up audit because invariably we're not going to drive what we want to drive to be implemented. What I'm leading up to is that our work plans include follow-up of the capital planning and prioritization recommendations whether or not the ministry is ready. We have to go and do that follow-up. I don't think we can wait for the government or the department to say: we're still in a state of flux; come back, please, in due course.

Mental Health. Those recommendations are long outstanding. We're dealing with those now, and I have every confidence that

we'll be able to report on them in 2015. That will take a large number of outstanding recommendations out of that list.

**The Chair:** I'll jump in there.

**Mr. Eggen:** Thank you very much. Those are my two questions.

I believe that brevity is bliss, Dr. Starke, so we should learn from that.

**The Chair:** Okay.

**Dr. Brown:** Mr. Saher, you have talked a little bit about the target of having 70-30 in terms of the ratio of your expenditures of resources on the financial statements and the systems audits. How much discretion do you have in terms of what you do with respect to the financial statements? I noticed as I looked across Treasury Board and Finance, for example, that you went from \$4.8 million down to \$4.2 million, so obviously there were some differences there. Then, just to follow that up, can you explain – you know, you've already explained how you prioritize the systems audits – how that would fit into your objective of achieving the 70-30 ratio?

**Mr. Saher:** Okay. Let me just start with: we have no discretion on – no, I won't say that I have no discretion. On the surface we have no discretion with respect to the financial statement audits.

**Dr. Brown:** You have to do them.

**Mr. Saher:** We have to do them, yet we have in our business plan something that we call redundant. It's a sort of odd expression, but it's our code for us searching out places where we don't believe Albertans are getting any value from that financial audit. It's not to say that auditing is unimportant, but there could be other ways in which Albertans can get the assurance they need that the financial information being presented to them is credible. Just to circle back, one example was the PDDs and the child and family services authorities, where we were mandated to do audits, but we believed that the added value from the financial audit was not there. There are other ways that Albertans could get assurance that those authorities' financial affairs were in order.

We still believe that there are other areas in which there might be opportunities, which is why we have an initiative in our business plan to search for financial audits that we're mandated to do that we believe it would be good for us to come forward on and make a case that maybe what was good then, when we got the mandate to do it, is not necessarily good now. So our scope for changing the cast is simply through audit efficiency and being an advocate for the entity itself to produce higher quality financial reporting. Those are the main tools we have at our disposal on that side of the ledger.

2:55

**Dr. Brown:** To change the subject matter a little bit, you've talked a little bit in your initial presentation about the independent peer review. The first phase of that was August 2013 and the second one in August of this year. I'm wondering: why the delay in letting us see what the recommendations are in terms of how you're doing, your business, and so on? It's been well over a year for the first phase and several months since the second phase. When can we expect to see your peer review?

**Mr. Saher:** Okay. The official report landed on my desk last week from the peer reviewer. I'm comfortable to tell you that the overall conclusion is good. There are two recommendations, suggestions for improvement. We've made a decision that we won't make the

whole public until we have our action plan nailed as to how we will deal with the two suggestions for improvement. I believe that we will be able to submit that report to this committee through the chair by the end of January.

**Ms McHugh:** We got it, I think, last week. We received it, and we thought that we would try to get it to you by the end of January, which is two months for us to absorb it internally, understand what we're going to do, and provide you with not only the report but our response and action plan as well.

**Mr. Saher:** I don't mind – because you've asked the question.

Ruth, have you got the actual words written down, the summary from the peer review? Did you actually bring it with you?

**Ms McHugh:** No, I don't think I did, Merwan.

**Mr. Saher:** I know it well enough.

In auditor language the peer reviewer has concluded that our systems to achieve relevant, reliable, and reasonable-cost audits are adequately designed and that for the period ended 31 August, 2014, operated effectively. So from my point of view as the Auditor General I could not have wished for a better, if I can put it that way – I mean, that's the report that I needed to hear.

We're also realistic that in looking at our affairs, our reviewers have found three places, actually, where they believe that we can do things differently and manage our risks better. That's the only reason that we haven't just supplied the report to you. We want to be sure that we can supply a report together with an action plan in one package. It's what we counsel others to do, so we wanted to apply it to ourselves.

**Dr. Brown:** I guess that would provide us with justification for using that same rationale when we commission reports as a government, to wait until we have formulated an action plan.

**Mr. Saher:** Well, I can assure you that the Public Accounts Committee in this province is now – and Ruth acknowledged that, I mean, in terms of moving forward with outstanding recommendations, the Public Accounts Committee is becoming very proactive in demanding of those that appear before the committee to cite from their action plans and if recommendations are outstanding. Why? I mean, it's in that same spirit that we want to be sure that we understand the recommendations that are being made to us and that we don't easily say: well, yes, we'll deal with that. We want to give the committee exactly what it is we'll do to deal with it.

**The Chair:** Okay. All right.

On to Jeff.

**Mr. Wilson:** Thank you, Mr. Chairman. You piqued my curiosity earlier as you had suggested that you weren't going to bore us with the details of the reasons why the Treasury Board auditing had increased substantially. Well, I can assure you that I would not be bored by your response. I'm actually quite interested in it, and if you could also, while you're touching on that – I see that you have systems audits for Treasury Board, specifically around Treasury management, planned in the coming year – perhaps just explore the direction that you're going to be taking with that.

**Mr. Saher:** If you would like more detail, I'm happy to commit to giving the committee a more detailed breakdown of why the Treasury Board and Finance financial statement auditing costs are greater than in the past. I can only at the highest level tell you that it was a particular project that I was interested in and brought to

the team's attention, that I wanted to understand better, and that was the whole effect of the Savings Management Act, which is actually just recently being repealed. It, from an audit point of view, brought in dimensions that weren't previously there in the audit of the heritage savings trust fund. These virtual savings accounts within the fund: how were they going to be accounted for, and would we have sufficient evidence that they were fairly represented? That would have contributed a minor increase in this.

I'm just trying to illustrate that there will be a number of reasons, and I don't have all of them at my fingertips today. I'm happy to commit to bringing back to the committee, through the chair, a more detailed answer on that particular line item.

**Mr. Wilson:** Much appreciated.

**The Chair:** Would a written submission suffice, Jeff?

**Mr. Wilson:** Absolutely.

**The Chair:** Okay. Let's do that.

**Mr. Saher:** I think that that would be fine. We'll tackle that and get it back to you as soon as possible.

With respect to future work in that particular ministry we have some outstanding issues, which actually were in Treasury Board and Finance but have now moved to Executive Council. These are connected with the Public Agencies Governance Act. We have a new project that we identify in our plan. It's called treasury management. It's something that I know the office looked at many years ago. Those are the systems and processes that are used within that department to manage cash day by day; in other words, to maximize the benefit of all liquid cash resources. In other words, having the right amount in your bank account to write out the next day's cheques, if I could simplify it, and having access. So treasury management is to do with that and debt incurrence and repayment systems. That's the only new work we have in that ministry.

If I can just cycle back because I know, Dr. Brown, that you asked many times on pensions: what were we doing? You know, I made a commitment that we were going to look deeply at pension management systems, and we did in fact deliver that audit last April.

**The Chair:** Okay. Thank you.

Dr. Brown, you're next on the list. Does that answer your question? Do you have another one?

**Dr. Brown:** Well, maybe just one small supplemental question. You've explained very well how you've prioritized the systems audits, I think, in terms of the assessment of risk and sort of a cost-benefit analysis, I guess, that goes into that process. In order to reach that ratio of 70-30, are you suggesting that you would increase the number of systems audits or just get a better balance there in terms of the overall budget? Supplementary to that is: what would the consequences be if you needed to take into account your two additional executive directors and if you had to do only 20 or 21 audits instead of 24 on your systems audits?

**Mr. Saher:** Well, the majority of our systems audits are done with in-house staff. We're not subcontracting those at the moment to the private sector. We do believe that we can increase the number of systems audits by working with certain private-sector agents who, we believe, have the capacity to deliver a quality product and by working with others to perhaps help train them to be able to

help us with that work. Our work plan is really designed to drive us to deliver a quality product and a number of products. If you were to say, "Do less of them," I wouldn't be able to immediately translate that into: well, perhaps I can slice X dollars out of the budget request.

3:05

You know, our whole motivation is to say: with the workforce that we have and need in order to do that statutory required financial auditing, how can we have a complementary line of business doing the systems auditing so that the two work in harmony, so that both are delivered at the best possible cost? I mean, that's sort of my simplest explanation at the moment.

**The Chair:** All right. David, you're up again.

**Mr. Eggen:** Thank you, Mr. Chair. I'm just looking at your business plan. I'm not entirely sure – perhaps you can provide some clarification – how you plan and prioritize for emerging issues that require audits. You know, for example, we have this week-long sort of revelation of information on hospitals and so forth. There are new developments there that I think some of us had not known before about prioritization for upgrades and renovations and so forth in hospitals. Let's say that someone asks you to maybe do further investigations on that issue. Like, how do you make a decision about that, first of all, and then provide for it in your business plan?

**Mr. Saher:** Well, there can be the case where it's sort of serendipity, if I can call it that, that the current attention to that topic is actually already identified in our plan and has been in our plan for a number of years. We did audits of capital planning systems. We had recommendations; they're still outstanding. They're already built into, as you can see on page 8, our planned systems audits. That capital planning follow-up work is new, and follow-up is already there. What can happen is that we've identified an area where we are considering doing work. It's either in our inventory of ideas, or it's moved to being an actual project that we want to execute and it's in our plan.

We then have situations where matters arise and requests are made of the office that are not in our plan, and I have two of those currently within the office that have come from the New Democrats.

**Mr. Eggen:** Oh. Super.

**Mr. Saher:** I'm now going to try and explain how we deal with that.

**Mr. Eggen:** Yeah. I'm just curious, you know.

**Mr. Saher:** Well, we look at them, and we take a view: is there anyone else looking at this issue in what we would consider to be a meaningful way so that it would be better for us to wait and see what that other party does, what they report? That, we found, is sometimes, in fact, what happens, you know, that the government itself has commissioned a review or action. So we make an assessment of whether or not we should start doing something now or wait for that to be completed and first understand the results of that before we make a decision.

We will look at the project, we will look at what value we can add, and if we decide that, yeah, that should take the place of something that's already in the inventory, already in the plan, we will just make an adjustment. We will take an item in the plan and move it out later and bring in a new project. Essentially, we are

doing our best, using our professional judgment and the resources that are available to us, to make decisions continuously. What is the best program of work for the office to do, which we believe, from an independent point of view, would add the best value to our work?

We value the fact that others write to us, phone us, and suggest audits to us. We have a process to look at those and make a judgment as to whether or not we can integrate them into our work plan and when. We've committed to always get back with an answer to the person who has made the request.

**Mr. Eggen:** Thank you very much.

**The Chair:** All right. Thank you, David.  
Over to Richard.

**Dr. Starke:** I'll be brief. In light of some of the economic realities that we're facing – I mean, I'm sure that you're as familiar with them as we are – with oil below \$70 a barrel and some of the other things and some of the other changes that we're contemplating for the upcoming budget, my question just very directly to you is: if you did not receive the 4.6 per cent increase in your budget, if in fact your budget was held at a zero increase or was cut back by some percentage, first of all, what changes would you need to make in terms of your operations, and what would the effect of those changes be?

**Mr. Saher:** Okay. We came here with a business plan that we'd costed, and we have presented that. We're realists, and it has occurred to us that a question of that nature would be put to us. My answer today is: I cannot answer that. I would have to take a proposition of that nature away, study it, and come back with a reasoned response. I cannot translate here in real time, if you will. I can't give you a meaningful answer. If it is a formal request to go away and do that work, certainly we'll do that.

**Dr. Starke:** I'm not going to tip my hand in any way because, obviously, the committee has to make some difficult decisions going forward. I can tell you that every minister and every department within government is making a whole series of very, very difficult decisions over the next coming days and weeks with regard to next year's budget, and revisions in their business plans and their aspirations and their goals have had to be prioritized in such a way as to bring about cost savings. You know, I would suggest that as a contingency you should consider perhaps doing that.

**Mr. Saher:** Certainly.  
Can I just have Ruth provide a supplementary on something?

**Dr. Starke:** Please.

**Ms McHugh:** Sure. Yeah. Thanks. Just another couple of quick thoughts on that. In the current fiscal year, that is ending March 31, 2015, we will be cutting expenses, if you will, by returning part of our appropriation, we believe. It looks like, our forecast, that return will be in about the 2 per cent range, consistent with prior years. We believe that we will need the amount requested in our budget, but as we've always done in the past, if circumstances change, we will return what we don't need.

The other quick point to make is that we believe that investing in the office of the Auditor General is a good strategy for the Assembly as our systems auditing helps government managers to deliver value for money. Cutting waste, dollars that don't

contribute to achieving results, is important. Efficiencies must be found in all areas of government spending. We are not cutting back on our quality product, and we have sought every possible efficiency to bring Albertans this essential service.

**Dr. Starke:** That was a lovely answer.

**The Chair:** Okay. Good comment and a lovely answer.  
Over to Neil Brown. He's got a question.

**Dr. Brown:** I'd just supplement the question there. My understanding is that what you're asking for in terms of an increase here is mainly mandated by the cost-of-living increases and the merit increases. Then you will only have the two positions in addition to that. Am I more or less on track there?

**Ms McHugh:** You're exactly right.

**Dr. Brown:** That's the only thing that you're asking us to increase.

**Ms McHugh:** Yeah. Exactly. It's 5 per cent. Of that 5 per cent, 2.25 is already mandated by what we've already got, and the other half is the two new executive directors. So you've got it right.

**Dr. Brown:** Yes. Right.

**The Chair:** Okay. No supplementals?  
I have nobody else on the list, so we're done.

Thank you very much for coming. Thank you, Mr. Saher, Ms McHugh, and Ms Eng for your presentation today and for responding to the committee's questions. For your information the committee's decisions on the officers' budgets will be sent out next week.

**Mr. Saher:** Thank you very much.

**Ms McHugh:** Thank you.

**The Chair:** Do you guys want a five-minute break? Okay. We'll take a five-minute break. We'll be back on the record in five minutes. Thanks.

[The committee adjourned from 3:15 p.m. to 3:20 p.m.]

**The Chair:** Okay. We're on the record, everybody.  
We're on item 4(e) of the agenda, which is decisions on officers' 2015-16 budget submissions. I'm getting kind of the feeling of the room and thinking that there's a lot of support for a bit of a discussion at this point. Head nods. Yeah? We'll do that instead of moving right into the motion piece that we talked about.  
All right. Jeff, do you want to lead off?

**Mr. Wilson:** Sure. Thank you, Mr. Chair. I can sense by the mood of the room that there is also a general appreciation about how rubber-stamping these budgets as we may have done in years past is not going to be a tenable situation, so I have what I believe may be a solution that I would like to put on the table, and I will justify what that solution is. [interjection] Do you have a point of order?

**Dr. Brown:** Yeah. I think I do have a point of order. I would suggest, Mr. Chairman, that we go in camera for a brief period.

**The Chair:** Right away? Okay. You're making a motion to go in camera?

**Dr. Brown:** Yeah.

**The Chair:** Okay. Dr. Brown has made a motion to go in camera. All those in favour? Opposed? Carried.

[The committee met in camera from 3:21 p.m. to 4 p.m.]

**The Chair:** All right. We are back on the record. We are still on agenda item 4(e). Richard, I recognize you.

**Dr. Starke:** Thank you, Chair. I have a motion: moved by the Standing Committee on Legislative Offices that we approve the 2015-16 budget estimates for the office of the Chief Electoral Officer in the amount of \$31,685,000. That would represent a 1.3 per cent increase.

**The Chair:** All right. We have a motion on the table. Any discussion? No?

**Mr. Wilson:** Do we need the increase noted?

**Dr. Starke:** To be fair, we probably don't because it's not over last year's amount. It's over a comparative amount for a comparative time period from the last election. So let's just delete that last bit about the 1.3 per cent and have just the straight number.

**The Chair:** Okay.

**Dr. Brown:** Do you want to restate the motion, then, and could you also mention something about a possible supplementary?

**Dr. Starke:** I can restate the motion. I would just as soon not include any reference to a supplementary. I'll restate the motion as I'd like it to read, and that is: moved by the Standing Committee on Legislative Offices that we approve the 2015-16 budget estimates for the office of the Chief Electoral Officer in the amount of \$31,685,000 as revised.

**The Chair:** Okay. Is that the motion?

**Ms DeLong:** I'd like to second that.

**The Chair:** We don't need a seconder, but it's appreciated, Alana.

All those in favour?

**Mr. Eggen:** Or we could have a discussion.

**The Chair:** We had a discussion. There's more discussion? Okay. Let's continue on with the discussion.

**Dr. Brown:** I would like the record to show that the motion put forward by Dr. Starke is in recognition that we most probably will not require a senatorial election and that in the event that a senatorial election were required within the next fiscal year, it would be within the mandate of the Chief Electoral Officer to come back to the committee to request additional funding. I just want that on the record.

**The Chair:** Okay. Thank you.

**Mr. Eggen:** I also wanted to just put on the record that my understanding from the Chief Electoral Officer and, in fact, from all of these officers of the Legislature is that they do return monies that are earmarked for specific purposes on an annual basis anyway. So if, in fact, there is not a senatorial race during a general election here in the province of Alberta, which I certainly hope there isn't, then, you know, that money just won't be expended and will come back to us anyway.

**The Chair:** Okay. Any more discussion?

Ready to vote? Okay. All those in favour? Opposed? That's carried.

Okay. The decision was that due to the factor of time and wanting to dive a bit more into some of the particulars of the other budgets, we will schedule another meeting for those – that would be the other five – and that will be at the call of the chair as soon as we can.

Moving on to other business. Anybody? No.

The date of the next meeting, as we said, is at the call of the chair.

Can I get a motion to adjourn? Jeff. Thank you.

[The committee adjourned at 4:04 p.m.]





