



Legislative Assembly of Alberta

The 28th Legislature
Third Session

Standing Committee
on
Legislative Offices

Tuesday, February 10, 2015
9:01 a.m.

Transcript No. 28-3-5

**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

Bikman, Gary, Cardston-Taber-Warner (PC)
Blakeman, Laurie, Edmonton-Centre (AL)
Brown, Dr. Neil, QC, Calgary-Mackay-Nose Hill (PC)
DeLong, Alana, Calgary-Bow (PC)
Eggen, David, Edmonton-Calder (ND)
Leskiw, Genia, Bonnyville-Cold Lake (PC)
Quadri, Sohail, Edmonton-Mill Woods (PC)
Wilson, Jeff, Calgary-Shaw (PC)
Young, Steve, Edmonton-Riverview (PC)

Also in Attendance

Barnes, Drew, Cypress-Medicine Hat (W)

Legislative Officers

| | |
|-------------------------|---|
| 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 Child and Youth Advocate Participant

| | |
|----------------|-----------------------------|
| Bonnie Russell | Director, Strategic Support |
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Support Staff

| | |
|------------------------|---|
| W.J. David McNeil | Clerk |
| Robert H. Reynolds, QC | Law Clerk/Director of Interparliamentary Relations |
| Shannon Dean | Senior Parliamentary Counsel/ Director of House Services |
| Philip Massolin | Manager of Research Services |
| Stephanie LeBlanc | Legal Research Officer |
| Nancy Robert | Research Officer |
| Corinne Dacyshyn | Committee Clerk |
| Jody Rempel | Committee Clerk |
| Karen Sawchuk | Committee Clerk |
| Christopher Tyrell | Committee Clerk |
| Rhonda Sorensen | Manager of Corporate Communications and Broadcast Services |
| Jeanette Dotimas | Communications Consultant |
| Tracey Sales | Communications Consultant |
| Janet Schwegel | Managing Editor of <i>Alberta Hansard</i> |

9:01 a.m. Tuesday, February 10, 2015

[Mr. Jeneroux in the chair]

The Chair: All right. Let's get started. Welcome, everybody. Welcome to members, support staff, and guests attending this meeting of the Standing Committee on Legislative Offices.

I'd ask that everyone at the table introduce themselves for the record, please. We also have a few members joining the meeting via teleconference. Could you please introduce yourselves as well. Thank you.

We'll start with Dr. Starke here.

Dr. Starke: Good morning. Richard Starke, MLA, Vermilion-Lloydminster, vice-chair.

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

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

Ms Russell: Bonnie Russell from the office of the Child and Youth Advocate.

Mr. Graff: I'm Del Graff with the office of the Child and Youth Advocate.

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

Mrs. Sawchuk: Karen Sawchuk, committee clerk.

The Chair: Great. On the phone, go ahead.

Dr. Brown: Neil Brown.

Mr. Bikman: Gary Bikman.

Ms Blakeman: Laurie Blakeman.

Ms DeLong: Alana DeLong.

Mr. Barnes: Drew Barnes.

The Chair: It's like a mash-up of names. All right. I think we got them all. We've got Laurie Blakeman, Alana DeLong, Gary Bikman, and Drew Barnes.

I'll just note, too, that we're joined today by Mr. Barnes via teleconference. Mr. Barnes is not a member of the committee, nor is he substituting for a committee member. However, any member may attend and participate during a committee meeting but may not propose a motion or vote on a motion.

Mr. Barnes, please let me know if you wish to be on the speakers list as I will endeavour to accommodate you in our usual rotation, which is to hear from a government member and an opposition member and continue on in this fashion.

All right. The agenda and other meeting documents were posted on the internal committee website a little more than a week ago. If anyone needs copies of the meeting materials, please let our committee clerk know.

A few housekeeping notes before we get started: the microphone consoles are operated by *Hansard*, and, as usual, keep BlackBerrys off the table as they can interfere with the audiofeed.

Now on to item 2 on the agenda. Would a member move the adoption of our agenda, please?

Mrs. Leskiw: I so move.

The Chair: Genia Leskiw moved that the agenda of the February 10, 2015, meeting of the Standing Committee on Legislative Offices be approved as circulated. All in favour? Any opposed? On the phone? Thank you. The motion is carried.

We require a motion for the set of minutes. Would a member move adoption of the December 5 minutes, please?

Mr. Young: I so move.

The Chair: Okay. These are the December 5 minutes. Moved that the minutes of the December 5, 2014, meeting of the Standing Committee on Leg. Offices be approved as circulated. All in favour? Any opposed? The motion is carried.

Now the minutes of December 16. Would a member move the adoption of the December 16, 2014, minutes, please? Mr. Eggen. David Eggen moved that the minutes of the December 16, 2014, meeting of the Standing Committee on Leg. Offices be approved as circulated. All in favour? Any opposed? Thank you. The motion is carried.

All right. On to, I guess, item 4 already. For the record the committee has received a request from the office of the Child and Youth Advocate and the office of the Auditor General regarding their respective approved 2015-2016 budget estimates. Members should have copies of the letters dated December 19, 2014, from the Child and Youth Advocate and January 28, 2015, from the Auditor General.

The committee will be first hearing from the office of the Child and Youth Advocate.

Welcome, Mr. Graff and Ms Russell. You have 15 minutes to address your request, and then I'll open the floor to questions from committee members. Please, go ahead.

Office of the Child and Youth Advocate

Mr. Graff: Thank you, Mr. Chairman. Good morning, and thank you for providing me with the opportunity to speak with you this morning. I'm joined by Bonnie Russell, who is our director of strategic support, and she'll be assisting me by providing information related to our budget submission and addressing any questions of a technical nature should they arise.

The purpose for us attending your meeting today is to discuss a request I made in a letter to the chair on December 19, 2014. In that letter I asked the committee to consider approving an additional budget amount of \$275,000 for the 2015-16 year. This morning I'd like to provide additional information about the reasons for my request. As well, I would like to talk with you about the work of our office, both in terms of the services we provide and the expansion of our responsibilities since we became an independent office of the Legislature. Finally, I would like to discuss the challenges for our office should the decision of this committee remain unchanged.

Before doing this, however, I would like to quickly reacquaint you with a summary of the discussions to date regarding our 2015-16 budget request. On December 5, 2014, we presented our 2015-16 budget estimate of \$14.5 million to the committee for consideration. Consequently, on December 16 the committee approved our 2015-16 budget in the amount of \$12,967,360. The 2015-16 budget approved by the committee represents a 2 per cent reduction from the 2014-15 revised budget for our office.

As you may recall, we submitted our budget estimates for 2014-15 at a meeting with this committee on November 29, 2013. The decision of this committee was to approve an annual budget for 2014-15 of \$12,502,000. In May of 2014 I sent a letter to the committee chair requesting an adjustment to our annual budget to

address an expansion of responsibilities resulting from an amendment in the Child and Youth Advocate Act. This was the second amendment to our legislation since its proclamation in 2012 and the second expansion of responsibilities for our office since that time. I'll provide more information about this later in my presentation.

Following my letter in May, I appeared before this committee on July 3, 2014, to request a supplementary estimate for 2014-15 in the amount of \$730,000 to support the increased mandate of our office. My request included funding and support for five additional full-time equivalent positions for the seven-month period from September 1, 2014, to March 31, 2015. At the July 3 meeting I clarified that our office would require additional funding to continue to support these positions in 2015-16. I confirmed that we would include this additional request in our 2015-16 budget estimates. The committee approved our request to revise our 2014-15 budget to \$13,232,000. The committee's decision on December 16, 2014, to reduce our 2015-16 budget by 2 per cent was based on our office's revised 2014-15 budget of \$13,232,000. The revised 2014-15 budget reflected only seven months of salaries and related costs for those five new positions.

The additional amount we are requesting the committee to consider is \$275,000, which enables us to annualize the salaries and related costs for the five new positions approved by the committee on July 3, 2014. Given the current financial situation of the province we understand the committee's decision to not provide funding for new initiatives in the 2015-16 fiscal year.

I would now like to turn your attention briefly to the work of our office and then discuss the changes in our responsibilities since the proclamation of the Child and Youth Advocate Act. I would like to emphasize to you that our office provides direct services to vulnerable young people throughout this province. Individual advocacy services serve approximately 3,000 young people every year. Legal representation for children and youth provides about 1,100 legal appointments annually, which directly serves about 2,000 children a year. Adding to that is engagement and education, which provides over 200 presentations annually, the majority of which are provided directly to young people or to the workers that serve them.

I want to be clear with this committee that we are a direct service provider, and we advocate for some of the most vulnerable children and youth in the care of the province.

9:10

I'd now like to turn your attention to the expansion of responsibilities of our office since the Child and Youth Advocate Act was proclaimed in April 2012. Shortly after the proclamation of the act a young lady who had been in permanent care for many years died. There was substantial media coverage of this incident. At the time of her death she was 18 years old and had only been out of care for a few months. At that time we did not have the legislative mandate to investigate these circumstances. I requested and received support from this committee and from the Legislative Assembly to amend our act to allow our office to investigate serious injuries to or the deaths of young people aged 18 to 22. This amendment came into effect on November 1, 2013. No additional budget was requested for this added responsibility.

Then when we appeared before this committee in November 2013 for our 2014-15 budget estimates, the committee extended our time on your agenda to discuss in detail our activities related to child death reviews. There were questions about our decision-making regarding which circumstances proceeded to investigative review and which did not. There was a strong message that we needed to gather more information to enable a more robust decision-making process.

Recognizing the committee's guidance, we expanded our screening and assessment process to gather more information from multiple sources to ensure a more robust decision-making process about which circumstances we pursued to full investigative review. We adjusted existing resources to absorb this work.

In January 2014 the Minister of Human Services hosted a roundtable to discuss child death review in Alberta. At that time I was asked about amending the Child and Youth Advocate Act again to have our investigative review process include young people who had been involved with child intervention but were not receiving services when they died. I supported this change, and the Child and Youth Advocate Act was amended by the Legislative Assembly to allow us to investigate deaths of young people who received child intervention services within a two-year period preceding their death. This amendment came into effect in May 2014, and that is what led to the support of this committee in July for our revised 2014-15 budget.

To give you a sense of how our investigative review work has grown, I will tell you about the changes in a number of reports that we received. In 2012-13 we received three reports of serious injury and 17 reports of child death, for a total of 20 reports. In 2013-14 we received 10 reports of serious injury and 25 reports of child death, for a total of 35 reports. So far this year, between April 1 and January 31, 2015, we've received three reports of serious injury and 49 reports of child death, for a total of 52 reports. Of the reports that we've received this year, this last amendment accounts for 26 reports and relates to young people who had previous involvement within the two years preceding their death.

I trust there's recognition of the work pressure that accompanies the repeated expansion of our mandate regarding child serious injury and death reviews. To go from 20 reports of child serious injury and death in 2012-13 to 52 reports in the last 10 months is substantial. When you consider that our budget is comprised of 63 per cent manpower-related costs, 26 per cent legal representation for children and youth services and related costs, and 11 per cent related to contract services for investigation, special reports, file reviews, IT services, insurance, and supplies, et cetera, we will need to make some very difficult decisions to address a 2 per cent reduction, which is \$264,640, and find the resources to continue to fund the shortfall of \$275,000 for our investigation staff. These two cost pressures alone add up to \$539,640 and represent almost 4.2 per cent of our budget, and that's before we address any other cost pressures in the budget.

Mr. Chairman, I appreciate the opportunity to speak with you today about this important matter. I hope I have conveyed the importance of the direct services provided by committed professionals in my office to many, many vulnerable young people each and every day in Alberta. I hope I have provided additional clarity to this committee about the expansion of our mandate and the additional work from the amendments to the Child and Youth Advocate Act in the past two years. As well, I have tried to convey that the challenge for our office to reduce our 2015-16 budget by 2 per cent and reallocate another 2.2 per cent to support the five-month shortfall for our FTEs will be substantial.

I'm respectfully asking the committee to reconsider your decision from December 16, 2014, and increase our 2015-16 budget to \$13,242,360 to enable us to fund annualized salaries and related costs for the five positions that are supporting our increased mandate.

Thank you once again, Mr. Chairman, for the opportunity to speak with you today. I'd certainly be happy to respond to any questions you may have.

The Chair: Great. Thank you, Del.

Before we move on to questions, just quickly, we've had two other people join us at the table, so I'll get them to introduce themselves right away. But before they do, please indicate if it's your birthday today or not as well.

Mr. Reynolds: Thank you, Mr. Chair. No, it's not my birthday. My name is Rob Reynolds. I am the Law Clerk and director of inter-parliamentary relations for the Legislative Assembly.

Mr. Quadri: Sohail Quadri, MLA, Edmonton-Mill Woods. If it's not his birthday, it's got to be somebody's birthday today for sure.

The Chair: All right. Well, happy birthday, Mr. Quadri.

We'll start taking questions from the floor. I have two people on the list so far. If you're on the phone, please let me know, and we'll get you on the list as well. First of all is David Eggen and then Genia Leskiw.

Go ahead, David.

Mr. Eggen: Well, thank you, Mr. Chair, and thank you, Del and Bonnie, for making your presentation. Certainly, the Alberta New Democrats and I recognize the irony of the cut that was directed towards you from the original budget committee decision. We know that we have mandated your office to expand your capacity and expand the scope of your activities, based on a direct need in regard to investigating child deaths and other services, and in fact we sent a very mixed message, I think. Both the government and this committee asked you to be a more robust unit, to expand your activities.

I'm just curious to know. If we don't vote this adjustment to your budget, then what would be the impact on child death reviews if it's not approved?

Mr. Graff: The impact on child death reviews is that we would have less capability to complete them, and it would mean a longer time period before we could complete the work that we have to do. The timing for them would be extended significantly given that we would have reduced manpower.

Mr. Eggen: Thank you.

You mentioned that you provide services to 3,000 children with direct aid and 2,000 with legal assistance. Could you, perhaps, give us an example that would illustrate the impact on services that would occur if this funding is not approved in those other services that you provide?

Mr. Graff: We have been quite diligent about trying to ensure that we don't impact our capacity to directly serve those children. We've looked at all of the other areas of our budget first. We have identified that some of the activities that we would do to support the children that we serve would be reduced, but we would not at this point have to reduce the professionals that provide that service directly.

Mr. Eggen: Okay. Thank you very much.

The Chair: Okay. Thank you, Mr. Eggen.
Genia.

Mrs. Leskiw: Thank you. We commend you for the work that you're doing, but when times are tough – and I look at your salaries and wages, and I know that contractually you do have a 3 per cent increase and a 2.25 per cent cost-of-living increase. What are the chances of the people working in your department saying, "Well,

we'll skip on the cost-of-living adjustment of 2.25 per cent, and we'll put that money into the programs that we need?"

9:20

I'm not being difficult here, but I'm just saying that if times are tough – and there are areas here where we have a 14 per cent increase, a 10 per cent increase – you have to make choices. MLAs have taken a 5 per cent cutback. Would the employees working for your department be willing to take a 5 per cent cutback so that money could be used to serve the youth of Alberta? Just a question.

Mr. Graff: And a difficult question for me to respond to on behalf of my employee group. One of the things that I can say is that we as legislative offices follow the public service in terms of reductions and changes to salaries, and we would continue to. We have adjusted our planning in terms of our budget in all of the ways that we know how. That's resulted in us trying to enshrine the resources that we have for our direct-service professionals. But it also means that we have substantially reduced the supplies and services, our travel, all of those areas that have some variance in terms of our capacity, along with capital reductions, along with information technology reductions. Those kinds of things we work hard to reduce.

Ms Blakeman: Mr. Chair, could I go on the list, please?

The Chair: Yeah, you bet.

Sorry, Del, you got interrupted. Are you . . .

Mr. Graff: No. I'm fine.

The Chair: You're fine? Okay.

Going back and forth between opposition and government, Laurie, are you ready if you go now?

Ms Blakeman: Sure. Just following on Mrs. Leskiw's question, I'm just wondering if it's possible to, you know, kind of trade down on your staff? Could you let them all go and get a cheaper version? Do you think it would be possible to do that? What would the effect be on your staff, on your services division?

Mr. Graff: My response would be that the effect would be that the work we do would suffer and vulnerable young people would suffer. It is hard to find the quality of professionals that we have in my office, and I would be irresponsible to try to find cheaper professionals to do this type of work, both in terms of the individual advocacy that we provide throughout the province and to the child and youth death reviews that we complete. The work is intense. It is some of the most difficult work. These are professionals that sit across from parents who have lost a child, that sit across from caseworkers who have lost children from their caseload, from foster parents, and others, so it's very difficult work, and it's hard to find the quality of professionals that we have now. I would emphatically say that I would not want to have to do that.

Ms Blakeman: Okay.

Supplemental, then. Are these professionals wildly and grossly overpaid in comparison to their contemporaries in the public sector?

Mr. Graff: Well, these folks are part of the public sector, and, no, their pay is aligned.

Ms Blakeman: I'm sorry. Private sector.

Mr. Graff: Oh. I couldn't comment offhand on that. I do know that they are all positions that have been classified according to the

public service requirements for classification, so those reviews have all been done on all of our positions.

The Chair: Okay. Thank you, Laurie.

We have Gary and Dr. Starke. If anybody else wants on the list, just let me know.

Mr. Bikman: Thank you for the presentation and for the good work that you're doing. I'm wondering how we're measuring effectiveness if, in fact, this budget cut is held up. Can you tell me how that's going to impact the outcomes? I mean, the way we were doing it is historically, I assume, for the purposes of improving systems and procedures going forward. Is there evidence that that, in fact, is actually happening and that it will suffer measurably with the proposed cut?

Mr. Graff: I'm a bit confused about how to respond to your question. Could you reword it for me, please?

Mr. Bikman: I'll try. Is it correct to assume that the work you are doing is to help improve conditions for the youth and lessen the incidents that you're investigating, in fact?

Mr. Graff: Yes.

Mr. Bikman: And if this budget belt-tightening occurs, what impact do you see on the – how will this change the behaviour of those who need to improve the quality of the care?

Mr. Graff: Sure. With respect to our investigative reviews, investigative reviews seek to look at the systemic issues that arise from the tragedy of a child's death or serious injury. When we're looking at this level of reduction, we are looking at not stopping that activity, but certainly that activity would slow down. For example, we have contracts in place where we have subject matter experts. If we're involved with an investigative review where a young person died by suicide, we want to be able to consult with the subject matter expert who deals with suicide when we're developing our findings and recommendations. We do that through a contracted process. Our ability to do that will be greatly reduced given this budget, so we won't have access to that level of expertise.

One of the ways that we've tried to consider the reduction is: do we reduce our capacity for those experts, or do we reduce our investigations staff? We would reduce the level of experts who are contracted. We don't have the same obligations to those contracts as we do to our staff.

That will have an impact. It can't help it. In each of our investigative reviews that we've completed, we've had subject matter experts who have helped to inform our findings and provide us with what we believe and what we've been told are good, quality recommendations for the system that serves children.

As part of the question of how we know that it's helpful, it really is dependent upon whether government is taking action on those recommendations. On the ones where our recommendations have been followed, I'm confident that it has been helpful. On the ones where they haven't, I can't comment.

Mr. Bikman: Well, of course we hope that that is, in fact, true. We all want that outcome. I'm just wondering how that's being measured. For us to decide whether or not to change the decision to reduce the budget, it would be very helpful – in fact, I don't see how we can make an intelligent and informed decision unless we can see how this is going to change what the actual outcome is, that there is a measurable improvement and change in the quality of care or the training or the screening and hiring or – I guess "hiring" could be a

word that you could use for people that are going to provide foster care and so on. If what you're doing isn't producing a measurable improvement, we ought to know that, too.

Mr. Graff: Sure, sure. Well, one of the comments I can make in relation to that is that we have a series of standards that we expect our advocates to adhere to in terms of the way that they engage with young people for advocacy services, and we assess those standards as to whether those have been met. We do that with an independent contractor on a regular basis. We also have the same process taking place with our legal representation for children and youth. It's a quality assurance process that enables us to be sure that the services we provide are quality services. Part of that process is also to speak directly with young people, where possible, to find out what they found valuable and helpful in terms of our advocacy for them. Those kind of activities we are engaged in.

We have in just this past year been looking quite closely at a quality effectiveness framework that, in fact, does address those areas that you're speaking about with respect to: how helpful are the outcomes as a result of our work?

The Chair: Okay. Thank you, Gary.

We'll move on.

Sorry; I'd just recognize that Laurie Blakeman, woman in motion, came from on the phone. She's now in here, so just let the record show that.

We'll move on to Richard Starke.

9:30

Dr. Starke: Thank you, Chair. Thank you for the presentation. I do appreciate it. I'm puzzled by some discrepancies in numbers that I hope you can explain for me. In the presentation that you made and the explanation of changes to your budget, which was presented to us in December, you indicated that there would be a cost of \$203,000 to annualize the salary of the five new employees that you'd discussed, and then in point 2 you indicated that there would be an increase of \$24,000 to annualize the travel of the five new staff. I'm adding \$203,000 and \$24,000, and I'm getting \$227,000, yet you're asking for \$275,000 additional, which brings you startlingly close to last year's budget figure. I'm just curious to know: what's the discrepancy of the \$48,000? What is that going to be allocated for?

Mr. Graff: Employer contributions for benefits. Our information is \$49,000 for that.

Dr. Starke: Thank you.

The Chair: I have Steve Young. Anybody else on the phone have a question before we go ahead?

Ms DeLong: I'd like a chance to say a few words. Thanks.

The Chair: Okay. We'll go Steve Young, Laurie Blakeman, Alana DeLong.

Mr. Young: With your permission, I have two questions. There's a request to fund the complement of experts and new hires from last year. My question is: what is the relationship and support that you receive from Human Services that is not in the budget? Is that significant? You've explained that you have experts in-house, that you contract out experts. Is there also support from Human Services? I realize you're independent, but there's still a relationship there in terms of support and expertise from them. What's the relationship there? There's a big budget at Human Services that I suspect helps in some degree.

Mr. Graff: That helps us?

Mr. Young: Yeah.

Mr. Graff: I'm not quite sure how to respond to that. We have a relationship with Human Services because we're an independent office that reports about the activities of Human Services. We have conversations with them on a regular basis. The resources that they provide to us – they provide to us some support in information technology currently, and we're working at changing that relationship. That was part of our original submission of the \$14.5 million that we're not proceeding with, so that has to be delayed.

Otherwise, I wouldn't be able to comment on the ways that they support us beyond that. They certainly don't provide us with the type of subject matter experts that we access to review our reports.

Mr. Young: Okay. Thank you.

My next question actually is about information technology. I've brought this up before about your four strategic outcomes. One of them is strategic support, and I would contest that that's not an outcome of the office; that's a support of the office. I'm looking at the budget, which is essentially IT if I'm not mistaken, and we've increased from 2013 to 2014 by roughly a million dollars. Is that staff, or is that just – I'm reading through your information here, and the words that pop out to me are “cost-effective information technology,” and the number just keeps going up and up and up.

Mr. Graff: The majority of that shift from one year to the next is a result of moving our administrative staff from one section to another section. Our strategic support provides us with IT services, with administration, with finance, and with human resources. Those are the four areas that they provide for us as well as the planning piece on a go-forward basis.

Mr. Young: So do you have a full IT shop in your office?

Mr. Graff: We have a level of IT support, and then, as I described to you earlier, Human Services provides us with some support in that regard.

Mr. Young: Well, I just asked you that in the previous question, if they provide you support, and you said no.

Anyway, my question . . .

Mr. Graff: Actually, just to clarify, they do provide us with some information technology support, and that's really virtually what they do. We have put forward in our last submission to this committee a request for the resources to separate from that support because we are independent from them. We do have a contract with an organization that provides us as well with some application support for our IT on-site.

Mr. Young: Of that \$2.4 million for the 2015-2016 budget how much of that is personnel? My concern is that you were building IT empires in each of these independent offices. The level of description in annual reports or otherwise is thin at best, and generic terms of data migration and strategic IT really bother me. It's not just you, sir; it's like every department everywhere we go. I'm squeezing you, I guess, on this because I just see the number going up, and the description is cost-effective information technology in the annual report.

Mr. Graff: Sure. Well, certainly, we have a view that as a leg. office we would like to have shared services with other leg. offices,

and we worked hard to enable that to happen. As part of our move to independence and our move, in fact, out of the umbrella of government, we have developed shared service capacities with the Ethics Commissioner, with the Ombudsman, the Public Interest Commissioner, and ourselves. We've sought to develop those partnerships to not have exactly what you're describing, empires being built. In fact, those partnerships are in place.

Mr. Young: Okay. Thank you.

The Chair: Steve, we'll have to cut you off here. There are a lot of questions.

Laurie and then Alana.

Ms Blakeman: Thanks very much. I have too many questions. Okay. Earlier you talked about the reduction or unfulfillment of the money that was required because of the additional work you had taken on as a legislative requirement. Am I straight on this? So the Legislative Assembly gave additional work to the office and charged you with carrying it out, and with that you needed additional staff, which we gave you, some of the money but not all of the money. Now, when we asked you what effect that would have, you responded that it would slow things down.

Now, in my life I run about three weeks behind at work and, you know, six to 10 weeks behind at home. Nobody dies as a result of that. People just get mad because I didn't respond to them faster. When you say that you'd fall behind, do people die? We're trying to assess how badly this would affect the youth.

I'll note, on page 14 of your annual report, that by far the highest number of children that you serve are in the 12- to 17-year range, but, oh, my goodness, the second highest number of children are six to 11, and overwhelmingly you are having referrals of these children to you. You're not going out and looking for them, so I take it that perhaps the government departments are the third party that is referring to you?

Mr. Graff: Just to clarify our referral sources, we have referral sources from all kinds of places. Young people call us themselves. Foster parents call us. Caseworkers call us. Schoolteachers call us. They really call us about circumstances where they're concerned about a child and about whether a child is being served adequately by government, so invariably our involvement has been related to that.

Ms Blakeman: Okay. Back to the first question. We refer people to you, and you say that it'll slow down your work. What actually does that mean? Like, is somebody going to go without representation in court? Are they going to die or get sick or not get admitted into a rehab? What's the deal?

9:40

Mr. Graff: The greatest concern for me is greater delays in our child death review process and our public reporting of those deaths. When we started as an independent office, we thought that we could go from, you know, being notified of a death to completion of the review within a six-month period. Shortly after that we recognized that no, in fact, even just to get the information and to engage in a reasonable process is going to take twice that long. So we said that it's going to take us a year to review circumstances from the point of report to the completion of a public report that goes out. We think that that delay is going to be more substantial when we don't have the resources to get the experts or to do the research that's required to support our recommendations. Whether that's an additional year or whether that's nine months, I couldn't tell you. I do know that

the delay would be substantial. We're talking about the removal from our investigations support budget of \$170,000.

Ms Blakeman: I get that. But I think the committee is struggling to figure out: big deal; so what? What's the effect for the kids on the ground if you delay a child's death review by a year and it's two years for it to come out?

Mr. Graff: Probably the best example that I could give you is an investigative review where an infant died while bed sharing with a foster parent. Our single recommendation was for foster parents to not share beds with infants because of the danger that's posed from that activity. A delay in getting that message out when we put our report into the public arena – it also included making presentations to the, you know, foster parents of Alberta at their conferences, to the Alberta association of child and family services groups that in fact have agencies that provide fostering. Our effort is to try to make it so that infants are safer and foster parents don't share beds with infants. If we delay that an additional year, I don't know the impact of that, but I do know that the faster we can do it, the more safe the children are, and that's the mandate that I've received from the Legislative Assembly. So it's hard for me to answer the specifics of your question.

I do believe that delays are not good for kids. At a certain point delays can get so long that they would be completely out of date.

Ms Blakeman: Okay. And they're never going to be 17 again.

Mr. Graff: Absolutely.

But also, with the example of the infant, if we can get that message out quickly, children are safer.

The Chair: Okay. Thank you.

Merwan, just so you know, we're just finishing up with Del and company here before we move on to you, so feel free to put it on mute or whatever. We'll let you know when we're ready to go.

Mr. Saher: Thank you.

The Chair: That lets me know that we're kind of cutting close to time here. We have Alana DeLong and David Eggen, and we'll end it there. Thanks.

Ms DeLong: Hi. A couple questions. First of all, you know, back when we looked at the cuts to the LAO offices, the price of oil was actually still above \$60, and things have gotten worse since then. I know that we have at least a 20 per cent hole in our budget. Of course, we can't take that 20 per cent all out of everybody's budget all at once because of the effect it would have on the economy. But things are actually worse now than when you first came.

The question I'm sure that you can answer is: in terms of the investigations that you make, how do you balance the investigation that the police might be making versus the investigations that you are making? In other words, if there was something that was really wrong, then it seems to me that the police would be looking at that. Could you comment upon that?

Mr. Graff: Certainly. The police have a different role than I do. My role is not to find fault or responsibility for the circumstances that might lead to a child's tragic death. My job is to identify the systemic issues that arise from those circumstances and make recommendations to government about how to improve the system that serves vulnerable young people and about how the system can learn from those tragedies so that we can prevent them in the future. So that's quite a distinct role from what the police would do, and there isn't an overlap in those responsibilities. The police wouldn't

identify the same kinds of issues or challenges that I would, and I wouldn't identify the criminality or other areas that the police would be investigating.

The Chair: Okay. Thank you, Alana.

Now we'll wrap it up. David, do you want to?

Mr. Eggen: Yes. Thank you. I just have a motion to pass around. I've got copies for everybody.

The Chair: Do you want to read it into the record?

Mr. Eggen: I'll read it into the record. Sure. It's a motion to release the letter from the Child and Youth Advocate. So Mr. Eggen – that's me – brings forward a motion to move that the December 19, 2014, letter from the Child and Youth Advocate to the chair of the Standing Committee on Legislative Offices be made public immediately. This is just an opportunity to help the public understand fully what has been happening in regard to this issue. I think that there's quite a lot of interest in having this to help to understand and tell the story in a more complete way.

I also must say, you know, that just in the discussions that I've heard here up to this point, I think part of the problem that maybe we have in this issue around legislative offices is that some members don't have a clear understanding of what an independent office of the Legislature really is. I mean, it's not the police. It's not Human Services. It's an independent office of the Legislature to help us to illuminate the business of government and to look for better ways to move forward in the public interest. I just wanted to say that.

The Chair: Okay. So there's a motion on the floor we can open up to some discussion. I'm just going to say for the record and for this member that, you know, after the minutes and everything are complete, this record does become publicly available, so it's essentially moving it up half an hour. If that's the intent of this, let's go ahead and discuss that.

Rob or Karen, do you want to clarify?

Mr. Reynolds: Well, I think Karen can. It's my understanding with this committee that these documents, unless the committee decides, wouldn't necessarily be made public until the minutes were approved at a subsequent meeting.

The Chair: At the next meeting. Okay. Fair enough. So we move it up a bit.

Ms Blakeman: Six months.

Mr. Eggen: Yeah. Six months. Exactly.

The Chair: You're saying that we meet in six months? All right. Who knows what the future holds, right, Laurie?

Okay. We have on the speakers list Laurie and Steve.

Ms Blakeman: I support the motion. I've often spoken of the need to be able to give the public the information that we had when we were making decisions. For the public to hear in a couple of days that this happened – or maybe they don't hear until the next annual report – I think is doing the public a disservice. Since this is sort of urgent right now, I think it's important to release the request – I would have said from both parties, but let's deal with one of them – so that people understand why we're meeting today and what it is that we're trying to do and what the background was of what we were looking at. These committees are usually at the call of the chair, and it can be six months before we meet again and approve

the minutes, at which point what we did in the minutes gets released. It could be two months. Either way it's a long lag for people to know and understand how we came to make a decision about a budget process for the children of Alberta.

I vote in favour.

9:50

The Chair: All right. Steve.

Mr. Young: Thank you. Well, I support it as well, but also let's not disregard the fact that we have media in the room, and it's very clear what the ask is and what the substance of the letter is. So the information is out there.

I just want to respond to what Mr. Eggen has said. I think the members are very aware of the independence of this committee and each of the offices. I think the questions were regarding not the independence but the fact that these issues don't happen in isolation. There are related issues and information, and police were involved in many of the matters, and so was Human Services. So the independence of the investigation and the decision and directions are quite clear. But, like I said, these are not operating in isolation from all the other parts. What we're talking about are all those other parts, in terms of budgets and dollars and those kinds of things, not questioning the independence of the office. So I just want to rebut if I can.

The Chair: All right. I have no more speakers. We have a motion before us.

Dr. Starke: I just want to make a comment.

The Chair: Sorry, Dr. Starke. Go ahead.

Dr. Starke: Thanks, Chair. You know, I don't have a fundamental problem with releasing the letter immediately, but I do have a fundamental problem with the argument that that provides the full information that people need with regard to making a decision. I would have no problem with releasing the letter immediately as long as we also released, even if it was only one page, the page from the request that was made in December, that had the explanation of the changes to the budget in full.

Quite frankly, the letter only deals specifically with one small area of the changes whereas this gives the full explanation for people who are interested and want to know the whole picture. I have been reviewing this document as well, as we've been having this discussion, and I think that if we're interested, truly, in giving people the full picture, then release this document as well. Now, this document may well be part of the minutes from the last meeting, but – let's face it – that takes a lot of digging to find. If we're going to release the letter, fine; let's release this one page that has the explanation of the budgetary changes.

The Chair: Okay. For the record – you're correct, Dr. Starke – that was released according to the minutes of the last meeting as well.

Mr. Eggen, you have a motion on the floor. I'll read it again for the record. Mr. Eggen brings forward a motion to move that the December 19, 2014, letter from the Child and Youth Advocate to the chair of the Standing Committee on Legislative Offices be made public immediately.

I'll call the question. All in favour? Any opposed? All right. That motion is carried. Great.

Sorry that you had to be in the room for that, too, Mr. Graff. On behalf of the committee thanks to you and Ms Russell for attending today and speaking to your request respecting the approved 2015-16 budget estimate for the office of the Child and Youth Advocate.

The committee's written decision will be sent to you later this week. So you are dismissed. Thank you.

We'll take a few minutes for the next group, the Auditor General, to get settled in.

[The committee adjourned from 9:53 a.m. to 9:58 a.m.]

The Chair: All right. We're back. We'll quickly go around the table to introduce ourselves, and then we'll go to the phone lines again. I'm MLA Matt Jeneroux, chair of the committee.

All right. Dr. Starke.

Dr. Starke: Yes. Good morning. Richard Starke, MLA for Vermilion-Lloydminster, vice-chair.

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

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

Ms Blakeman: Way down here at the end of the table is Laurie Blakeman, and I'd like to welcome each and every one of you to my fabulous constituency of Edmonton-Centre.

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. Reynolds: Thank you, Mr. Chair. Rob Reynolds, Law Clerk and director of interparliamentary relations, Legislative Assembly.

Mr. Quadri: Sohail Quadri, MLA for Edmonton-Mill Woods.

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

Mrs. Sawchuk: Karen Sawchuk, committee clerk.

The Chair: Okay. Great. Now we will go to the phone, and we'll start with Merwan. Go ahead.

Mr. Saher: Yes. Good morning, everyone. This is Merwan Saher, Auditor General.

The Chair: Great. I'll list all the others on there, and tell me if I've missed anybody. Drew Barnes, Neil Brown, Alana DeLong, Jeff Wilson, and Gary Bikman. Did I miss anybody on the phone? Wonderful.

Okay. Thank you, Ms McHugh and Ms Eng, for attending today. You have 15 minutes to address the request of the Auditor General – I'm sorry; also Merwan – and I'll open the floor to questions from committee members. Go ahead with your presentation, please.

Office of the Auditor General

Ms McHugh: Thanks so much. Good morning, Mr. Chair and committee members. Thank you for inviting us to speak with you today about our budget. I assume that you've all had an opportunity to read the letter from our office sent on January 28, so I won't repeat its contents here; rather, we'll just provide a high-level overview of our position.

As you know, we presented our 2015-16 business plan along with a budget estimate of \$28,565,000. The committee subsequently approved \$26,754,000, a reduction of \$1,811,000 from the budget estimate that we presented. After careful review we have reduced the budget by \$1,265,000, to \$27,300,000, the same amount as the budget you approved for us last year. In other words, we are

requesting you to approve a hold-the-line budget and to not ask us to reduce our current budget by 2 per cent, or a further \$546,000. In the current economic climate we believe that holding the line is a practical solution that will allow us to fulfill our legislated mandate and carry on with auditing in areas of identified risk.

Our annual budgets must achieve three things: first, ensure that we can complete financial statements audit work as defined by our legislated mandate; second, allow us to perform planned systems audits; and, third, provide sufficient flexibility to achieve our strategy to do more added-value systems audit work.

Seventy-five per cent of our resources support financial statements auditing, and there is no option to forgo or postpone this annual body of work regardless of the economic environment. There is some flexibility in systems auditing, but we must remember that this work can identify waste, dollars that don't contribute to achieving results, and it can help government managers to deliver value for money.

Our recommendations to improve efficiency and economy become even more vital in times of economic constraint. Reducing the amount available to pay for essential audit work does not mean that the underlying risks and control weaknesses will go away. In fact, it is quite the opposite. In an uncertain economic environment it is more important than ever for government to have the added assurance of independent audits.

When weighing options for budget reductions, we kept in mind that our business plan is long term. We have been building to do more added-value systems audit work. Cutting the budget as we have will limit our capacity to do systems audit work and will likely set us back in our goal to achieve a sustainable resource allocation ratio of 70 per cent financial statements to 30 per cent systems audit work. When determining which audit work will be forgone as a result of the reduced budget, we will refrain from cutting systems audits that have the capacity to identify waste, and we won't compromise compelling work such as chronic disease management, that in the long term can save a tremendous amount of money and increase the quality of life for vulnerable Albertans. In other words, we won't deny Albertans long-term advantage for the short-term quest of cutting funds today.

It is imperative the province have systems designed to achieve long-term cost-effectiveness for Albertans. Our office can help.

We have the Auditor General on the line, and we welcome any questions that you might have. Thank you.

The Chair: Wonderful. You're done?

Ms McHugh: Yeah. We're good. Any questions?

The Chair: Just waiting to see if Merwan wanted to chime in, but that's fine. I'm sure he'll answer some questions here, too.

We have a speakers list that's developing on the fly: Laurie, Steve, and David Eggen.

Ms Blakeman: This is interesting because with the Auditor General what I've seen is that this office has consistently done as directed or requested by the Legislative Offices Committee. They have handled and absorbed reductions previously, including one, in my opinion, that was purely punishment, to take away their printing budget. You've certainly handed back money any time you had it. So I take it very seriously when the Auditor General's office comes forward and says: "No more. You can't do this. We can't absorb this."

I take the argument about long-term planning. I take the argument about short-term pain for long-term gain. What's hit the bottom line here? There are no more paper clips left? I'm really surprised to hear this from the Auditor General. I'm trying to understand what

it is that is so serious at this point that the office has returned to this committee to say: we can't do this. Can you give me any more enlightenment aside from what you've spelled out in the letter?

10:05

Ms McHugh: I think that a way to sum that up would be that, as I stated in my introductory comments, our budgets need to achieve three things. First, we have to complete financial statements according to our legislated mandate. Absolutely, it has to be done. Second, allow us to perform planned systems audit work to achieve those economies and efficiencies as well as to help uncover ways that we can improve the quality of life, particularly for vulnerable Albertans; we can't compromise on that. The third part: provide sufficient flexibility to achieve our strategy to do more added-value systems audit work.

What we have heard from this committee and from Albertans is that they want us to do more systems audit work, and as we presented to you in our business plan, our strategy over the next couple of years is to move that ratio from where it is currently to 70-30. That's the part that we sacrificed here to pull back. Pulling back further starts to eat into those other areas. If we were to understaff audits – 93 per cent of our budget is people. With any further cuts that's where we would have to look, and we can't understaff our audits and still present reliable results.

Ms Blakeman: So this would affect your legislated requirement to, if I may use colloquial terms, be a watchdog on what the government is doing. You wouldn't be able to do that completely.

Ms McHugh: Precisely. To put it even more bullish, if you will, the Auditor General is not willing to sign financial statement audits where we have not had the resources required to deal appropriately with risk. Particularly in an environment of heightened risk it would be irresponsible of us as auditors to reduce or understaff our work in a high-risk environment.

Ms Blakeman: Okay. So you have both a professional mandate and a legislated mandate to do this work, and if we cut you, you cannot complete it in the way that you've been required to do.

Ms McHugh: Correct.

Ms Blakeman: Okey-dokey. Thank you.

The Chair: All right. Thanks, Laurie.

I have Steve Young, David Eggen, Sohail Quadri, Gary Bikman, and Richard Starke.

Mr. Young: Actually, I'm just going to pass.

The Chair: Right. Easy enough.

We'll come back to David, I guess.
Sohail Quadri.

Mr. Quadri: Thank you, Chair. In the last business plan in your budget you had three executive positions, and there was, I think, a significant amount for that. Does this new business plan, the new proposal, also include the three positions?

Ms McHugh: Yes. Actually, it was two new executive positions that we are putting into place, and yes, this budget still includes those two new executive positions. If you'd like, I can talk a little bit about why we made that decision. We sure talked about it a lot.

Mr. Quadri: Yes, please.

Ms McHugh: We looked at the idea of not going ahead with those two new executive positions, but we recognize that we can't afford to do that. Those two new business leaders will bring increased efficiency and economy to our two lines of business, financial statements and systems auditing. Effective results analysis is all about learning from results and applying what you've learned to the next business cycle. We have learned that we need these focused business leaders to do a deep dive into our processes to help us find cost efficiencies and improved audit methodology and project management effectiveness. In other words, they will help us to do relevant, reliable audits at a reasonable cost. So we're going ahead with them.

Mr. Quadri: So what is the portion of that budget for those two executive positions in terms of the dollar amount?

Ms McHugh: I'm going to say \$400,000, maybe.
Would you think \$300,000, \$400,000?

Ms Eng: Yeah.

Mr. Young: It was about \$385,000, as I recall.

Mr. Quadri: Each. It was \$700,000 and something.

Ms McHugh: No, no.

Mr. Young: No; \$385,000 total.

Ms McHugh: Yeah. For both.

Ms Blakeman: So \$385,000.

Ms McHugh: Probably. That would probably be close.

Ms Blakeman: Out of a budget of millions.

Mr. Young: Twenty-seven million.

Mr. Quadri: Twenty-seven million, twenty-six million.

Ms McHugh: Right.

If you don't mind, I'd like to point out something else. Our FTEs will actually remain the same. So what we've decided to do right now – we have three senior positions that have become vacant due to natural attrition. We are going to replace those three, in a sense, with these two. So our FTEs will stay the same.

Mr. Quadri: Thank you.

The Chair: Okay. Thank you, Mr. Quadri.
We'll go to David Eggen.

Mr. Eggen: Thank you, Mr. Chair, and thank you for your presentation. Again, when we deliberated on your budget back in December, I was very concerned about this office's capacity to do its job. I mean, it's a classic case of the old saying: penny saved, pound foolish. I mean, quite frankly, you have helped us to save many hundreds of millions of dollars during the time that I've been here in the Legislature, and we use your information as a pivot for exploring further, both in the Legislature and outside with the media, ways by which we can help serve Albertans better and save money. So I've always asked every year that I've been on this committee: why don't you ask for more because we would like more of that information? The formula, the equation, will pay dividends. So I'm glad that you're here to at least push back in this particular case.

I'm curious to know – you've sort of outlined it in your initial presentation – if you can give us a specific example of how this cut might affect your capacity to do a specific case, if you've thought about that.

Ms McHugh: Yes. I'm certainly happy to give that example. One of the biggest cuts we made was to the line called agent fees. We reduced that by \$610,000. Our strategy is to do more added-value systems audit work. Our business plan was designed to implement that strategy. One of the key tools we identified to do this is the use of agents. We use agents to assist in carrying out a number of our financial statements audits, and that work must continue. We had also planned to strategically use agent services and expertise as an opportunity to redeploy some of our legislated audits specialists and bolster our systems audit capacity. Cutting this portion of our budget means that we can't take full advantage of that strategic tool.

I've got a specific example I can share with you, that I just learned about very recently. One of our agents just recently completed the financial statements audit work on certain postsecondary institutions. In the course of their work they identified some suggested systems audits that they would have been able to help us to execute. Cutting the agent budget results in a lost opportunity to do more systems audit work.

Mr. Eggen: Thank you very much.

The Chair: Okay. Thank you, David Eggen.
Gary Bikman, go ahead.

Mr. Bikman: Thank you. A very effective presentation. Great points made. During challenging times like these, there is a bureaucratic tendency towards bloat. This is the last place to cut, you know, cutting the very office that's helping prevent that and showing departments how to operate more cost-effectively. So I'm on your side. I'd just ask that you don't write any letters or presentations for the other departments that we're trying to cut.

The Chair: All right. Good comments, Gary.
We'll go to Dr. Starke.

Dr. Starke: Well, thank you, Chair. I do this with a little bit of hesitation, especially with Mr. Saher on the line. Delving into financial statements with the Auditor General is sort of like challenging Michael Jordan to a game of horse. You know, I consider myself at a considerable disadvantage. But I will ask a couple of questions.

I guess the first that I have is – you mentioned the two new executive positions, which we discussed at some length in December, that you've decided to stay with. I was trying to write down what you were saying; I just want to make sure that I've got it right, Ruth. You'd mentioned that the two executive positions would increase efficiency and improve the methodology of the office. I guess my question is: if it improves the efficiency, wouldn't that mean that you can do more with less? That's my definition of improved efficiency.

10:15

Ms McHugh: Absolutely. Absolutely, it will. We hope that these two positions will allow us to do more with less. With the fact that we have sacrificed, if you will, that portion of our budget that will allow us to grow and exercise our strategy, if we can get these people in on time and if they can find those efficiencies and if we can then operationalize those efficiencies, we may still be able to grow some toward our strategy. So that's true. Regardless, what we've brought to you, this hold-the-line budget, is what we believe

it takes to do those first two components; that is, our legislated mandate and our systems audits. If we find efficiencies, then we will gladly race toward our goal of 70-30. Does that help answer it?

Mr. Saher: Mr. Chairman, might I just supplement Ruth's answer there on the subject of the two new executives?

The Chair: Yes. Go ahead. You're welcome to.

Mr. Saher: In my view, it may seem, in looking in from the outside, that, well, that's an easy way to save money; just don't proceed with those appointments. But those two roles have the real prospect of helping us with our cost-effectiveness over time and, if I can put it, long-term cost containment. I mean, as I look in as the head of the organization from a business point of view, I think that has to be one of my goals, to arrange for the office to always be looking out into the future. Are we doing our work in the best possible way? Are our processes the ones that will drive us to arrive at the right analysis of risk, the risk to us as auditors not getting the right answer versus, you know, the cost of that?

So these two positions are definitely, in our opinion, worth pursuing. Yes, it would seem in the short-term that that doesn't make sense, but our logic is that that will in fact be a cost-effective approach to long-term cost containment.

The Chair: Okay. Thank you, Merwan.

Ms Blakeman: Two questions, then. What I'm hearing is that you're looking to economize in a number of ways in order to stay in the same place or a little back from where you'd hoped to be and with the possibility of being able to recover and continue on with your plan. She's nodding at me. Okay. Well, part of the process in this, I've found, is pain. There seems to be a requirement that we can see that departments that we're dealing with really hurt, so, you know, can you prove that this plan you've got is still going to make you really hurt? Because if you don't really bleed, then no one believes that this is tough.

Ms McHugh: Okay. Let me see: how best to answer the "bloody" question?

Mr. Saher: Can I try that, Ruth?

Ms McHugh: Yes. Thank you.

Mr. Saher: First off the bat, I do want to make one point if I don't get a chance to make it in answer to any other question. I do want the committee to understand that we don't believe that your requests as a committee for us to look at our costs are interfering with our independence. I do want to make that clear, that I don't see the request that the committee made for us to cut back as being in some way an attack on the office's independence. I just want to make that clear.

Just to supplement the first answer that was given, we're wrestling with professional requirements that we have as professionals executing audit work and the legislated requirement that certain things have to be done. There's a point at which, you know, we just couldn't cut and be able to deliver the work that we're statutorily required to do in accordance with the professional standards that we have to follow. So we're looking at the issue through those two lenses.

Will there be pain? Yes, I believe there will be in the sense that it will cause us to think more sharply about that risk and the cost of dealing with the risk from an audit point of view. Our argument is – it's an argument I can't prove, but I think it's a generally accepted argument – that in an environment in which there will be general

cost-cutting across government, we are entering, from an auditor's point of view, an environment that is more risky.

So we're saying that we're prepared to take on the challenge of dealing with that environment in a hold-the-line budget. We think that that will cause pain only in the sense of causing us to have to, you know – let's use an accounting metaphor here – sharpen our pencils. How can we get the assurance that we need? How can my colleagues give me the assurance that I should put my signature on a set of financial statements? It would be pain in the sense of having to work harder to get the right result. That's the best that I can do in answer to the question: will there be pain?

The Chair: Okay. I'm sure your staff is sweating now, sharpening their pencils, Merwan, for pain.

Anyway, Laurie, did you have a second question?

Ms Blakeman: No. I know that my colleagues require pain or they don't believe that's it's real, so I got the pain question out.

The Chair: All right. Noted.

Okay. I have Richard Starke and David Eggen. Hopefully, we can end it there, guys. We still have a lot to deliberate.

Ms DeLong: I'd like a quick question, too, please. Thank you.

The Chair: Okay. Thanks, Alana.

Dr. Starke: Well, thank you. We've got both Michael Jordan and then Kobe Bryant coming off the bench, and we really get hammered here. I guess the question that kind of springs out at me is that, you know, you clearly went through a process since you received our reply in December, and you found \$1.265 million in your budget which, it sounds like, you painfully cut but felt that you could still fulfill your mandate. I just actually completed the audit section of the ICD course, that Mr. Saher would be familiar with, and recognize some of both the statutory and legislative requirements that your office holds. Just so that I'm clear on this, you're essentially saying that after \$1.265 million you felt you could go no further, that you could not find the additional \$546,000. Is that what you're telling the committee?

Ms McHugh: Yes. Not without compromising our ability to uphold our professional standards and provide reliable audit results.

Dr. Starke: Okay. Well, I'm still seeing a 3.6 per cent increase. You say that there is no increase in full-time equivalents, but I'm still seeing a 3.6 per cent increase in salaries and wages.

Ms McHugh: That's correct. There will still be an increase in salaries and wages.

Dr. Starke: Okay. Was a reduction in the increase in salaries and wages part of the \$1.265 million reduction, or was that considered?

Ms McHugh: It was definitely considered, and, yes, we reduced salaries and wages by \$200,000 in that \$1.26 million reduction. If I can, I can explain to you just a little bit of the somewhat unique situation that we're in with regard to salaries and wages.

Dr. Starke: Okay.

Ms McHugh: Especially as it relates to our students and strategically rewarding for identified growth, we do have to maintain a certain level of funding available for salary adjustments. Many members of this committee already understand that with our professional accounting student population we are contractually obligated to presume salary increases during their period of articles.

Other adjustments will be done judiciously to reward for demonstrated growth and retain our highly sought-after professional staff. Of course, it will all be done within the GOA pay bands, but we really do have contractual obligations as people move through stages in their articles, so we had to keep that in.

Dr. Starke: Okay.

The Chair: Okay. Are you done?

Dr. Starke: Yeah. Thank you.

10:25

The Chair: Okay. Alana, go ahead quickly with your question.

Ms DeLong: I just want to reiterate what I said to the last group in that when we held to these 2 per cent decreases back in December, oil hadn't ever even gone below \$60. Now it's gone below \$50 and seems to be hanging around the \$50 mark, so our finances are actually a 20 per cent cut that we actually need in terms of our budget. You guys, you know, are really coming up against Health and Education and children's services and social services, and those departments really affect the people of Alberta whereas this breakdown that you have in terms of auditing versus the 30 per cent that you wanted to spend on doing – I'm sorry; I don't remember exactly what you called it. The 30-70 split: that is not something that's actually legislated – is it? – in terms of how you spend your money?

Ms McHugh: Correct. That split is not legislated.

Ms DeLong: Okay.

Ms McHugh: If you don't mind, just to speak to systems auditing, I just want to share with you another recent great example, that just hit my desk last week, on what systems auditing can do, the way our office can really make a difference. A recommendation that we made recently impacted decisions to increase collections from private insurance companies. You were talking about health care. This recommendation increased collections from private insurance companies to pay for health care costs which would otherwise have been funded by taxpayers. There was a \$15 million increase in the revenue assessment for the 2014-2015 year. This alone more than offsets our funding request and illustrates how our work has the potential to save money now and bring exponential value in the long run. Again, it is imperative that the province have systems designed to achieve long-term cost-effectiveness for Albertans. We can help.

The Chair: Okay. Thank you, Alana.

We have David Eggen, and then we'll hopefully wrap up here.

Mr. Eggen: Thank you, Mr. Chair, and thank you so much for your presentations. I have a motion that I would like to pass around in regard to making public . . .

Dr. Starke: That's my motion, damn it.

Mr. Eggen: Oh, you've got one like that, too?

Dr. Starke: I have the same motion.

Mr. Eggen: Okay. Good.

I just ran down quickly to provide some symmetry to the meeting here today, to make public the letter that the Auditor General forwarded to this committee to explain what their concerns were so that it's easier for, I think, Albertans to understand this whole story. I'll just pass that around.

The Chair: Do you want to read it into the record?

Mr. Eggen: I will, yeah. It's a motion to release the letter from the Auditor General. Mr. Eggen – that's me – brings forward a motion to move that the January 28, 2015, letter from the Auditor General to the chair of the Standing Committee on Legislative Offices be made public immediately. Again, that's just because we know that it could be a number of months before we actually can do that through regular procedure.

Thank you.

Dr. Starke: Can you clarify that you're including the . . .

Mr. Eggen: Oh, yes. And including the budget page, the whole document that those guys put forward to us, to help the public to understand the whole picture.

The Chair: Great. Okay. So a motion has been made. Mr. Eggen – that's him – brings forward a motion that the January 28, 2015, letter from the Auditor General, including attachments, to the chair of the Standing Committee on Legislative Offices be made public immediately.

Any discussion? All in favour? Any opposed? Great. The motion is carried. Wonderful.

Okay. On behalf of the committee thanks for attending and addressing the request for consideration of the 2015-2016 budget estimate of the Auditor General. The committee's written decision in this respect will be sent out to you later this week. So you're dismissed as well.

Thank you, Merwan, for calling in as well.

Mr. Saher: Thank you very much indeed. Goodbye.

The Chair: We'll just take a couple of minutes while Ruth and Loulou – not trying to rush you, but once you leave the room, we'll continue our meeting.

[The committee adjourned from 10:30 a.m. to 10:32 a.m.]

The Chair: Okay. We'll get going here, guys. Do we still have everyone on the phone lines? Am I missing anybody? Great. Sounds like you're all there. Wonderful.

Bear with me here. I have a bit to read into the record for everybody. Okay. I'd suggest that the committee consider the request from the office of the Child and Youth Advocate first. If everyone is in agreement, a few points. The committee's December 16 decision was moved by Ms DeLong that the Standing Committee on Leg. Offices approve the 2015-2016 budget estimate of the office of the Child and Youth Advocate in the amount of \$12,967,360 as revised. For the motion, seven. Against the motion, three. Just a note, the original 2015-16 budget request was \$14,502,000, even.

The office of the Child and Youth Advocate is requesting an increase of \$275,000 to the estimate approved by the committee on December 16, 2014, for the 2015-2016 fiscal year. At that time the committee approved an amount that represented a 2 per cent decrease from the current fiscal year's estimates. In the case of the Child and Youth Advocate there was a supplementary estimate passed in 2014 that reflected additional duties that the office was mandated to undertake by legislation. See Mr. Graff's December 19 letter, which is now made public. The supplementary funding reflected the cost of staffing for seven months. The office is requesting funding in addition to what the committee has already approved. As the advocate indicates in his letter: "the additional funding required in 2015-2016 to pay a full year of salaries, benefits

and related expenses for the five new staff approved in July 2014 would be \$275,000.”

All right. So what are the committee’s thoughts on this request? I guess I will open up the floor to discussion. I have Neil Brown first, and then David Eggen.

Dr. Brown: Okay. Thanks, Mr. Chair. In my view this is not a question of whether or not the office of the Child and Youth Advocate does good work. All of us on the committee are familiar with their work, and I think that it can be said that we all respect their work. But we have to be clear. This is not the office that directly cares for those children at risk. That’s children services, and my experience over the years has been that that has been staffed by some of the most compassionate and caring people that we have in the province and in the public service. That’s the department that deserves and gets absolute priority in terms of budgeting.

What the Child and Youth Advocate is asking for here is to add to the mandate, which is presently to review the deaths of children and youth that were in custody, and to take in that expanded mandate that we gave them to investigate deaths of children who were in the past in the custody of the province. Now, Mr. Graff states that the cuts could delay the investigation of those additional deaths, and then he cited the example of the infant who died by bed sharing. Well, I would suggest that there are others that would be advocating, you know, in those practices, too, including the medical community and the coroner’s office.

So it’s not a question, in my view, of whether or not the office does good work. It’s about the economic realities. Since we made our decision on December 16, the price of west Texas intermediate went down from about \$56, \$57 a barrel to – as Alana pointed out, it’s hovering around \$50 a barrel today.

I know that you said that we’re just talking about the Child and Youth Advocate, but I just might go on to add to this that I also happen to admire the work of Mr. Saher and his office. They do outstanding work for the people of Alberta. But by the same token, I have a lot of admiration and support for hospital care, health care, social services for the most vulnerable, for seniors, and for good education of our children.

I have the community of Evanston in my riding, which has a population close to 10,000 – that would qualify it as a city almost in every other part of the province – and they don’t have one school. I’ve got elementary kids that are being bused 45 minutes to get to a school that has some vacancies in the city of Calgary.

It’s great to have the justification that these people are doing very good work, and they are doing good work. All I’m saying is that in the present economic circumstances there are going to be cuts right across the board, and it’s not going to be exempting people in health care or social services or seniors or education.

So I don’t favour changing the decision of the committee. That’s my two bits. Thank you.

The Chair: Okay. Thank you, Neil.

I’ve had a couple of requests here on whether we’re in camera or not. No. We need to make a motion to go in camera. So we’re not in camera. We’re still on the public record.

We have David Eggen and Gary Bikman. Just a reminder. We have these two motions to deal with here, and we have about 20 minutes to do that.

Mr. Eggen: Yes. Thank you, Mr. Chair, and certainly I will be very brief. I think that the Child and Youth Advocate office did a good job in outlining where they were going and, in fact, did do due diligence to fine-tune their budget in the spirit of restraint but to still

point out specific mandates that were presented to them through both the Legislature and this committee.

Certainly, I would be in favour of adjusting this budget. It’s not a question of discussing the value of this office in general but, I think, specifically how we craft the best budget for each of these offices and, indeed, as we move forward, for all of the things that we are responsible to finance through the Legislature of Alberta.

So I’m certainly behind this proposal that the Child and Youth Advocate brought forward. Thank you.

10:40

The Chair: Okay. Thank you, David.

Mr. Bikman: I am not, for the reasons I said. I certainly support the work. I want measurables, and until we get the system to include measurables so that we can see how this work is actually impacting and improving lives, I think that – I realize he’s a victim of the pay grid within the system, and that’s part of the problem, too.

So, no, I’m not in favour of what they’re asking for.

The Chair: Thank you, Gary.

Ms Blakeman: Well, my wise and honourable friend Dr. Brown pointed out economic realities, and I agree. That is at the bottom of what we are doing here. The economic reality is that this government has chosen for decades to use nonrenewable resource revenue to subsidize the operating budget. So when the price of oil goes down, everything in their budget gets on a roller coaster. That’s the economic reality.

I would argue that in making the choices that this government has made, they have put all of this at jeopardy. I fail to see why social services or education or children have to pay the difference in the price of oil, because that’s what we’re talking about. The price of oil has gone down – it has been mentioned repeatedly by my hon. colleagues in the air, for us, on the telephone line – and what seems to be the logical progression from that is that children and watchdogs and risk all have to pay the price for the decision that this government has continued to make. The economic reality of this is that the choices this government has made are what has put us where it is, and you can make different ones. I also don’t see how the price of oil would be the problem of six- to 11-year-old children in their ability to get help from an advocate.

We have two agencies in front of us, both of which are watchdogs on government activity. I do not believe watchdogs should be cut or corralled or tethered or muzzled in any way. We have enough examples in front of us of what is going on even with those watchdogs watching that cost us money. Just ever so briefly I’ll point out sole-source contracting like, say, Navigator. Did we really get the best for our money there? Probably not. And if the watchdog had had more time, they could have even told us more about that.

We’re in this situation because of choices the government members have made. I would argue that if you want to get out of this without making six- to 11-year-old children pay for it, you should figure out a better revenue stream, which is certainly available to you as one of many choices that you have. You can bring in a consumption tax. You can bring in and reinstate progressive income tax. You can look at sin taxes. You can look at all kinds of things. But I disagree absolutely with this government’s insistence on spending nonrenewable resource revenue to get day-to-day operating, and as a result six- to 11-year-old children will pay the difference.

Thanks very much.

The Chair: Okay. Thank you for keeping it brief, Laurie.

All right. With no speakers, is the committee prepared to make a decision, and if so, would a member move a motion with respect to the Child and Youth Advocate?

Mrs. Leskiw: I so move that the Standing Committee on Leg. Offices not approve the request from the office of the Child and Youth Advocate for the increase of \$275,000 to the office's estimates approved by the committee on December 16, 2014, for the 2015-2016 fiscal year.

The Chair: Discussion? No?
Okay. I'll call the question on the motion.

Ms Blakeman: Recorded vote, please.

The Chair: It's noted. We'll do a recorded vote.
I'll call the question. All in favour?

[For the motion: Mr. Bikman, Dr. Brown, Ms DeLong, Mrs. Leskiw, Mr. Quadri, Dr. Starke]

[Against the motion: Ms Blakeman, Mr. Eggen]

The Chair: So two against the motion. Okay. All right. That motion is carried. Thank you.

Okay. Now, bear with me here a second. Great. We have about 15 minutes left to deal with the Auditor General's request. Okay. The committee's December 16 decision respecting the 2015-16 budget estimate for the Auditor General was moved by Mr. Quadri, that "the Standing Committee on Legislative Offices approve the 2015-16 budget estimates for the office of the Auditor General in the amount of \$26,754,000 as revised." For the motion, six; against the motion, four. Note that the original 2015-16 budget request was \$28,565,000.

The Auditor General is requesting an increase of \$546,000 to the estimate approved by the committee on December 16, 2014, for the 2015-16 fiscal year. The amount would increase the office's budget to the amount approved by the Assembly for the office for the fiscal year 2014-15 to \$27,300,000. The rationale for the Auditor General's request is outlined in Mr. Saher's January 28, 2015, letter, which we've now made public. The amount approved by the committee on December 16, 2014, represented a 2 per cent reduction from the 2014-15 estimates for the office. The Auditor General had originally requested \$28,565,000 for the 2015-16 fiscal year.

Is the committee prepared to make a decision? If not, we will open it to some discussion. We have Gary Bikman on the list already. Go ahead, Gary.

Mr. Bikman: Yeah. I'm in favour of the Auditor General's request. I think it makes a lot of sense to have someone whose total purpose is to help government function more efficiently and more cost-effectively. When is that more important than under the current conditions? I think he needs the tools to do it.

The Chair: Okay. Thank you, Gary.
I have David Eggen on the list as well.

Mr. Eggen: Well, thank you, Mr. Chair, and thank you, Mr. Bikman. I had your comments from December etched into my mind, so I was glad to see you stuck with that position. I mean, if we vote this down, I think it will be a stellar example of penny saved, pound foolish. We know that the Auditor General's office has saved us hundreds of millions of dollars over these past years pointing out places to find efficiencies. They have come forward

with an adjustment to their budget in good faith, and it's incumbent upon this committee to respect that.

The Chair: Okay. Thank you, David.

Mrs. Leskiw: I have to agree with the previous two speakers. Their whole job is to help the government save money, and we can get all the help we can get. So I concur with the request.

The Chair: Okay. Any others speakers?

Ms DeLong: I'm afraid I disagree. I've got to say, though, that the Auditor General does have a record of really trying to keep their costs down and have been very responsible when it comes to budgeting. But I do believe that in this situation we should be asking them to really go after their high-return systems audits and to do those audits this year and to essentially handle the economic situation that we find ourselves in, to use that to handle the situation.

The Chair: Okay. Any other speakers?

10:50

Dr. Brown: I have the greatest admiration for Mr. Saher and his office. I think they are outstanding exemplars of public servants, and they do a great job for the province of Alberta. But I have to agree with Alana. The situation is not comfortable with respect to our economy right now. We have some really tough decisions to make, and it's a matter of priorities. The front-line services to the people of Alberta, the most vulnerable particularly: I mean, they have to be protected. We have to, you know, protect those essential services, so I am not in favour of increasing the budget over what we had before. I'm not prepared to support that initiative.

The Chair: Okay. Thank you, Neil.

Ms Blakeman: I just cannot accept these arguments. The change is entirely within your hands. If this government decided to raise more revenue, we would not have watchdog organizations like the Auditor General, who perform great service for us, being in jeopardy or, as we just saw, you know, children's access to an advocate and legal representation being in jeopardy. The decision of the government to constantly rely on oil and gas revenue that came out of the ground yesterday to subsidize today's operating budget has put us where we are.

I fail to see – and no one has made a good argument, a compelling argument, to me – why those children that are missing schools and why those people that don't have a hospital have to pay the price of the decisions of this government's budgeting process. Stop making them pay the price for what you've decided as a government. There is no logic to this. You know perfectly well how this problem can be solved, and to say that you want to protect the most vulnerable at exactly the same time as you decide to keep our operating budget hooked to a roller coaster of oil and gas revenues – what are you going to do when oil hits \$20? Are you going to stop teaching kids altogether? Come on.

Sorry; that was rude of me. I apologize for the last comment, but truly I think this is a difficulty of your own making, and I do not agree with taking money away from any watchdog organization. It increases the risk, and in this organization I think they get punished because they've done exactly what they said they would do. They've given back money when asked, and they've governed themselves very well with a long game and plan, and the only ones really put at risk by this are government members.

The Chair: Okay. No more speakers. Is someone prepared to make the motion?

Mrs. Leskiw: I move that

the Standing Committee on Legislative Offices approve the request by the office of the Auditor General for the increase of \$546,000 to the office's estimate approved by the committee in its December 16, 2014, meeting for a revised estimate of \$27,300,000 for the 2015-2016 fiscal year.

The Chair: Okay. So the motion is on the floor. We'll have, hopefully, a brief discussion before I call the question.

Mr. Eggen: This is just a clarification. So you have made a motion that is a reflection of what the Auditor General asked for in his letter?

Mrs. Leskiw: Yes.

10:55

Dr. Starke: Say yes to the request.

Mr. Eggen: Yeah. I just wondered.

Dr. Starke: I know it's a little surreal, Dave.

The Chair: He's a little shocked.

Mr. Eggen: No, no. It's cool.

The Chair: Okay. All right. Now that everyone has clarified that, I'll call the question on the motion. All in favour? Okay. Opposed? All right. The motion is carried. It's 6 in favour and 3 opposed.

All right. Thank you, everybody, for bearing with us for that.

The motions of the committee will be forwarded to the President of Treasury Board and Minister of Finance along with copies of the officers' revised budget documents and the transcript from this committee meeting.

Now we'll move on to item 5 on the agenda, other business. Any items for discussion?

If not, the date of the next meeting will be, again, at the call of the chair.

Would somebody like to make a motion to adjourn, please?

Mr. Quadri: I move.

The Chair: Sohail Quadri makes a motion to adjourn. All in favour? Great. Meeting adjourned. Thank you.

[The committee adjourned at 10:57 a.m.]

