

[Mr. MacDonald in the chair]

THE CHAIR: Good morning, everyone. I would like to please call this meeting of the Public Accounts Committee to order. It's our first meeting since May, and this morning we are going to be having a discussion with the hon. Mr. Coumts, Minister of Government Services, and some of his staff. But first, before I call for approval of the agenda, could I have a brief round of introductions, perhaps starting with the vice-chair, Mr. Shariff.

[The following members introduced themselves: Ms Blakeman, Mr. Broda, Mr. Cao, Mr. Cenaiko, Mr. Coumts, Ms DeLong, Mrs. Jablonski, Mr. MacDonald, Mr. Marz, Mr. Masyk, Mr. Ouellette, Mr. Shariff, and Dr. Taft]

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

[The following departmental support staff introduced themselves: Ms Beveridge, Ms Bohaichuk, Mr. Jackson, and Ms Thorsen]

THE CHAIR: Could I have approval of the agenda, please?

MR. CENAIKO: So moved.

THE CHAIR: Thank you.

We also need approval of the committee meeting minutes from meetings in the spring.

MR. BRODA: So moved.

THE CHAIR: Moved by Mr. Broda. Thank you very much.

In light of the fact that we have only an hour and a half to discuss the issues surrounding the Ministry of Government Services, I now, without any further delays, would ask the hon. minister for a brief outline, please, of the department's activities.

MR. COUTTS: Well, thank you very much, Mr. Chairman. It's a pleasure to be here this morning. I must say, having served on the Public Accounts Committee when we met in the Legislature, how pleased I am that you've moved on up. My goodness. This is a wonderful place to have a committee meeting. This is my first time in this room, and I'm really, really pleased to see a permanent home for *Hansard* and a permanent home for the committee. This is a very, very nice setting.

I look forward to the discussions today on the 2001-2002 annual report for the Ministry of Government Services. You've met my staff. In addition to the staff at the table, I'd like to introduce my executive assistant, David Keto, who is sitting right behind me. We're here this morning as a group to first of all summarize some of our key achievements in realizing what our vision is in Government Services, and that's to provide Albertans with secure access to government information and services and ensure a fair marketplace.

Our first core business is promoting consumer and business education, regulation and enforcement in support of a fair and effective marketplace in Alberta. As Alberta's marketplace is very dynamic, it's extremely important that we have a strong legislative framework to protect consumers. For example, we implemented the Internet sales contract regulation under the Fair Trading Act, and that was the first of its kind in Canada. It proved to be a model for a national template as other jurisdictions are now using that same Internet sales contract regulation. What it does is provides more security and protection for e-commerce transactions, and it also harmonizes us with other jurisdictions across Canada.

We've had nearly 92,000 inquiries which were handled through our consumer call centre. This is a 23 percent increase from 2000-2001. As well, we have done nearly 2,400 investigations that were completed where more than \$677,000 was returned to Albertans. Some 215 cases were taken to court, where fines were levied in excess of \$41,000.

We achieved all of our targets for this core business. Some citations of success were that the numbers of telemarketers and the fraud attempts and the victims of telemarketers were down by some 73 percent. Client satisfaction rates are very high: at that time, 94 percent for consumer education material, 85 percent for investigative services, and 79 percent for our call centre. As well, Alberta continues to provide expertise on consumer issues to other provinces and works co-operatively with the federal government and with other Canadian jurisdictions, as I said earlier, to harmonize consumer protection legislation.

Under licensing and registry services – that's our second core business, and it provides convenient, secure, and reasonably priced licensing and registry services – about 13 and a half million transactions were processed on behalf of Albertans and Alberta businesses, and that's a growth of some 6.3 percent. As well, we've pursued a number of service delivery initiatives. For example, in the city of Edmonton we partnered with the city of Edmonton to improve Albertans' access to municipal services through the registry agent network. We received international recognition for our land titles system. We promoted the on-line renewal of passenger vehicle registration, and that's something that's proving very, very popular with Albertans today. We reviewed and consulted with stakeholders on legislation pertaining to business corporations, personal property, and vital statistics.

In light of September 11 we worked with the ministerial task force on security to investigate the best available technology for a new, secure Alberta driver's licence. A request for proposals has recently been released so that we can begin issuing the new drivers' licences next year. We also worked closely with stakeholders such as Alberta Transportation, Justice, and law enforcement agencies to assess the registries' vulnerability to abuse and criminal activity. As a result, we have already initiated a number of security enhancements, and progress will continue as we renew our registry system over the next several years.

8:40

Despite the pressures of increasing service volumes, financial restraints, and staff hiring freezes the ministry achieved high consumer satisfaction ratings for its registry services. Client satisfaction rates ranged from 85 percent to 89 percent for our various service delivery channels. As well, we are proud of the improvements made to the call centre satisfaction, up to 80 percent in 2001-2002 from the 75 percent that was recorded in 2000-2001.

Registry services are priced well below the national average. For example, vehicle registration renewal is 22 percent lower on the average, driver's licence renewal is 31 percent lower, and registration cost for purchasing a \$150,000 house that would have a \$140,000 mortgage tied to it is 83 percent lower.

Our third core business is leading the Service Alberta initiative. Now, this initiative was formerly known as Alberta One Window. Alberta One Window, as it was known – as I said, now Service Alberta – enables individuals and businesses to more easily access government information and conduct transactions in a secure environment. We used feedback from extensive public consultations to do a number of things. That was first of all to formulate a quality consumer service policy that included protecting the privacy of Albertans. The second thing we did was that we completed the development of the Service Alberta web site, which was launched

this June. The third thing we did was to develop a strategy for greater integration of government call centres, of which the first version also went live this last June.

More than 500 information-based services were made available to Albertans through the government of Alberta web site, ranging from things like seniors' benefit programs, health care registration forms, and hunting and fishing information. As well, Albertans were able to take advantage of eight on-line transactions. A good example of on-line transactions would be that high school transcripts could be accessed, and requests for applications for student finance and student funding could be made available. Client satisfaction for these services ranged from 90 percent for service through the Internet to 79 percent for government offices and 69 percent over the telephone.

Our fourth core business is co-ordinating the government of Alberta regulatory review process and enhancing Albertans' access to information while ensuring that their privacy is protected. The Regulatory Review Secretariat works with ministries to ensure that Alberta has a streamlined, effective, and efficient regulatory environment. During 2001-2002 49 pre-1996 regulations were reviewed. This brings the total reviewed to 84 percent. All regulations due to expire in 2001-2002 were reviewed both across government and within my own department.

Co-ordination of the provincewide administration of the Freedom of Information and Protection of Privacy Act is another component of this core business, with support provided to government ministries, agencies, and local bodies. Ninety-four percent of FOIP requests were completed within 60 days and without complaint to the Information and Privacy Commissioner. The ministry provided technical support to the Select Special Freedom of Information and Protection of Privacy Act Review Committee in their mandate to seek public input and make recommendations on change to the freedom of information and protection of privacy legislation.

In partnership with Innovation and Science we developed an information management framework to improve the access and retrieval of government information.

Next, we go on to the Alberta Corporate Service Centre. This is our fifth core business. It relates to the centre, and the centre actually represents a significant change in the way government support services are provided to ministries. We are making good progress in transitioning to this new service delivery model and particularly appreciate the Auditor General's recommendation on how we can maximize our effectiveness. The Auditor General has confirmed that \$8.5 million in savings has been achieved as a result of adopting a shared service model; that is, more than 150 full-time employees were redeployed to program areas as a result of efficiencies gained through consolidation. We are confident that an additional \$7.2 million in savings has been achieved through bulk purchasing, volume discounts, process improvements, e-business solutions, and general contract and staffing efficiencies.

I would like to conclude my brief remarks this morning by touching briefly on our financial highlights. As a reflection of Alberta's robust economy our revenue was \$4.8 million more than budgeted. That was mainly due to increased registrations of commercial and passenger vehicles. Expenditures were reduced by one percent as part of the government's overall fiscal restraint program. All available funds were redirected into maintaining services to Albertans and responding to the 6 percent increase in demand.

To summarize, Government Services is committed to service excellence and has demonstrated that commitment and the accomplishments as outlined in our annual report. Now that we have begun to renew our registry systems, I am confident that we will be able to continue the tradition of service excellence for 2002-

2003.

I thank you for this opportunity to appear before the Public Accounts committee this morning. My staff and myself will be pleased to respond to any of your questions or if clarifications are needed in any of the information that I've provided you.

THE CHAIR: Thank you very much, Mr. Minister. Now, Ms Blakeman has, as is tradition in this committee, the first question. She will be followed by Mr. Cao, from Calgary-Fort.

MS BLAKEMAN: Thanks very much, Mr. Chairperson. Welcome to the minister and his staff. Do we have any sports fans today? No. Maybe? One sports fan? Okay.

I'd like to direct the minister's attention to the Auditor General's report on page 118, where recommendation 21 discusses the "access standards for the use and disclosure of personal information in the Motor Vehicles Registry." We also have, I think, a performance measurement attached to that, which appears on page 13 of the annual report. This is the not the first time this recommendation has been made to this ministry.

With the new and revised Auditor General's report, essentially what's being said here is in Recommendation 21, which is around the use and disclosure of personal information in the Motor Vehicle Registry. This isn't the first time that this recommendation has been made. It, in fact, first turned up in '98, so my original question is: what has prevented the ministry from developing the standards for the release of personal information on drivers' licences since 1998? We've had four years here to develop these standards. What has been the problem in developing the standards?

8:50

MR. COUTTS: Regarding access standards and maybe why it's taken so long for us to implement – and you're absolutely right; privacy is of the utmost. Albertans have told us that they want us to protect their privacy.

There were 21 recommendations based around privacy and who should actually get access to any kind of record or partial records. It's very complicated because each request is a little bit different. We deal with many agencies on that, and those agencies that we deal with are also involved with other departments, so what we've had to do in trying to comply with the 21 recommendations – 16 of which, by the way, have been complied with. The last four or five are very complicated, as I said, and our department is working with Alberta Transportation on those. We actually chaired a collaboration committee to explore the recommendations under the Traffic Safety Act. As I said, 16 of those 21 recommendations have been implemented, and the remaining recommendations will be looked at by this collaborative committee between the two departments, because we're going to have to do some extensive research and some consultation. We're also going to have to take a look at the legislative research to make sure that that's there to substantiate anything that the committee may come up with.

So we continue to work on that. We continue to try and comply with the recommendations put out by not only the Auditor General but also by the Privacy Commissioner so that we do comply. We'll continue to do that through the collaboration between ourselves and Alberta Transportation, and we have to do some consultation with Albertans to make sure that they're happy with some recommendations that we can come up with so that we can get into compliance.

MS BLAKEMAN: Okay. Well, as a supplemental, then, I'll note that on page 119 of the Auditor General's report they actually suggest some standards that could be used. The minister notes that

each request is different that's coming into the ministry, but that's exactly why you have standards in place: so that everyone gets the same sort of treatment. I note that there are examples suggested by the Auditor General. So my question, then, for the fiscal year that we're examining is: what other initiatives took such priority in the department that the attention was not turned to a four-year-old recommendation to develop these access standards?

MR. COUTTS: Some of the recommendations here, certainly, we look at to provide us with a template for the Department of Transportation and our own department to use to see if we can solve some of those problems. As I said, these are very, very complex. What else would we be doing over and above these to solve those complex problems, and what have we done? I am going to ask Roger Jackson, my deputy minister, to let us know what the department has been working on.

MR. JACKSON: Thank you, minister. We have to maintain a registry network and a registry service, and there has been a policy and practice in place whereby we did enable access. But you're quite right. We've been working on this for four years under the direction of the Auditor General at the same time as, you know, still providing our service. I mean, we do have contracts out there that we have to oblige with access providers, so there's a legal requirement that we have to fulfill. But the Auditor General's direction applies. In addition to maintaining the services that we've got, we are striving to get those things changed. I should emphasize that we are dependent on other legislation. The access standards will be administered through the new Traffic Safety Act, which is pending. The act has been passed but not proclaimed. The regulations are still being drafted. We have been working diligently and hard with Alberta Transportation and mutual consultation stakeholders to ensure that we're meeting the terms and conditions of not only the Auditor General but of what we think the public want, because there is, as the minister has said, strict direction on protecting privacy.

We've all heard about – and I would suggest that the stories are not altogether embellished but some of it, you know – the Impark stories where somebody has gone into a parking lot and all of a sudden their licence number has been bandied about. We know of one incident where that occurred, and maybe, I think, a second one occurred not too long ago. Those are rare. We like to think that our access is quite protected, and our agreements with contractors are quite strict, and we do impose on them to be applied. So we're trying to manage, you know, that which we have existing now with delivering the service, having it done so it's efficient.

I mean, I should put in some background on this. These were done for the sake of keeping the administrative cost to government down, enabling protection of privacy so that the stakeholder groups, whether it be lawyers or whomever, administer these things under the same conditions and codes that we have to apply, including the privacy codes as they apply at the time. We're doing this in the best interests, as we believe, supported by the government, of giving the public the protection they need and the access to information they need through the stakeholder that they serve.

I can tell you that, in our opinion, when these things are applied, there's going to be an economic impact. We've been told that. So the cost will go up to the client in order to do this. Now, that isn't a factor to the Auditor General. It isn't a factor to the government, but it was a factor to us. So we take the direction on that quite seriously. It will get done. Yes, I can tell you right now that it's getting done. We're dependent on the legislation. Yes, four years is a long time, and the Auditor General beats up on us once a year. We've got very strict guidelines to do this, but we do have

significant stakeholders to deal with.

Laurie is the expert on this too. I'd better let her add, if you wouldn't mind, Minister.

MR. COUTTS: Only if she can add something.

MS BEVERIDGE: I'll add one thing. We are also working with the Privacy Commissioner on our criteria, and we have been co-operating with the special select FOIP committee. Just, again, to add to what the minister and Roger said, a number of the various stakeholders who will be impacted by our changing criteria – organizations such as War Amps and even Impark as well, lawyers and things of that nature – did ask to speak to the FOIP committee, and we wanted also to give them that opportunity.

The plan is actually to have the criteria in place this spring when the freedom of information changes are also put into place. The changes to the Traffic Safety Act will be consequential to the changes to the FOIP Act. So our target right now is this spring.

THE CHAIR: Thank you very much.

Mr. Cao, followed by Dr. Taft.

MR. CAO: Thank you, Mr. Chair. First of all, I would like to say thank you and our appreciation for the Auditor General's work, especially the report here, that helps us to verify or ask questions, and also to the minister and his staff and his department for their excellent work. I have used the Internet a lot. My office has used the Internet a lot. Even my wife is using it: the government services and registry, to look up things. So that is great progress.

My question is regarding pages 120, 121 in the Auditor General's report regarding the Alberta Corporate Service Centre and recommendation 22, regarding performance measures and cost savings, especially when I focus on page 121. Under Findings they're talking about cost-saving numbers and measurements and verification and so on. I was reading it, and my question is to the ACSC. What action or steps have been taken in this cost-saving performance?

9:00

MR. COUTTS: Well, thank you very much, Mr. Cao. We, too, look forward to working – as a matter of fact, just before we sat down, Sherri Thorsen from the Alberta Corporate Service Centre said that she works very, very closely with the Auditor General and looks forward to having the Auditor General do that examination of our books and our procedures and our methodology so that it makes us better in the future. That's something the Alberta Corporate Service Centre does need some help on. Not that we don't have the in-house expertise; it's just that the Alberta Corporate Service Centre is up and running for its full first year.

Other things that we've had difficulty with is taking those corporate services that were done in each department and then coalescing them together and using a process or methodology that not only (a) gets the savings that the Corporate Service Centre is designed to do but (b) whether or not the processes are in place to actually prove those savings. Part of the problem in its first year of operation has been having some benchmarks so that we could actually know what the cost of that service was in the departments and then having to relate that cost to what the Alberta Corporate Service Centre is doing for that service. Providing that benchmark to make the comparison has been difficult, so again we look forward to having the co-operation of the Auditor General to do that.

Sherri may want to supplement my answer, but what we're doing is we're working on a definition of what the cost savings could and should be and trying to perfect that methodology that I was talking

about so that we can measure the various costs, so that we can actually come out and have the Auditor General have a comfort level that the costs are real. We will continually consult with the Auditor General to make sure that the proposed approaches that we're going to use and that we're presently using provide the opportunity to show that those cost savings are actually there.

THE CHAIR: Thank you.

MR. CAO: My supplemental is: do you see any further cost saving in the near future here?

MR. COUTTS: Absolutely. We've only scratched the surface. Really and truly we have. We can do some other things. We can look at centralizing client service centres. For example, we have three departments in one building just up the street here, and ACSC is proposing a pilot project just for that building for those three departments to use a shared services model. We think we can come up with some huge cost savings for all three of those departments through ACSC.

You know, we can look at mail and copy centre rationalization as well. We can look at a consolidation of some ACSC staff into central locations. We can streamline and become more efficient by doing that. An area that I've started to touch on is information technology and how we could rationalize some of the contracts out there for information; in other words, do some volume buying on some IT and actually have contracts that could look after a number of our IT services, even to the point of having cell phone contracts. We have some 7,000 cell phones in government and all under different contracts. Maybe they should be just under one contract. We could save a pile of money there. So things like office equipment, optimizing the maximum there right from photostat machines right up to fax machines, et cetera. As I say, I think we've just scratched the surface with ACSC in terms of cost savings.

MR. CAO: Thank you.

MR. COUTTS: Thank you, sir.

THE CHAIR: Thank you.

Mr. Dunn, do you have something to add regarding this question?

MR. DUNN: Yes. Thank you, Mr. Chairman. Thank you for your questions because you're hitting at the heart of the matter here. One of the problems that we had in conducting the audit here is that we never had a baseline against which we could compare the cost savings. I think what you are looking at, Mr. Cao, with your question is that the expectation was to save 10 percent of costs, and the way in which you have tabulated the excess savings has been approximately 154 full-time equivalents which have been redeployed in the government. Is that the right way to measure the savings that would supposedly come out? The other savings we were not able to verify at all, the \$7.22 million that you quote in your statement. They're all based upon proposed or expectations. They're not there yet, and there is no rigour behind that.

I'll turn it over to my Assistant Auditor General, who's looked at this a bit in the past, but we're quite concerned about how these are going to be determined and how they're going to be tabulated. I believe that you really have a challenge here to address.

MR. HUG: Well, I'm not too sure what I can add other than, you know, the point that I think we all recognize is that we need appropriate information in order to determine the contribution that the ACSC is making to the government. So all we can do is really

encourage you and work with you to try and come up with the measurement systems that will provide the data which will demonstrate the efficiencies that are being added by the organization.

MR. COUTTS: We thank you for that, because we have spent the summer working with departments, and I think you understand that each department has done things a little bit differently. So to get that baseline that you're talking about and the baseline that we know that we need to make the comparisons has been difficult, and it has taken a lot of people, a lot of person power, to go through and analyze what departments are doing presently and what we're doing in ACSC. Establishing that baseline has been a challenge in itself dealing with the 24 departments. Maybe to add to that, I'm going to ask Sherri to say a little bit about some of the things that they've done.

THE CHAIR: Excuse me, please, Mr. Minister.

MR. COUTTS: Yes, sir.

THE CHAIR: In light of the time that we have, there's a long list of members anxious to question your department. We can't keep going back and forth to the staff, please.

MR. COUTTS: I understand.

THE CHAIR: Thank you.

Dr. Taft.

DR. TAFT: Thanks, Mr. Chairman. My questions are relating to page 78, the notes to the statements.

MR. COUTTS: Is this the Auditor General's report?

DR. TAFT: No. Note 8 of your own annual report. It's a bit laconic really. "At March 31, 2002, the Ministry has the following commitments:" service contracts, \$57 million in 2002 compared to 2001 at \$39 million. In percentage that's a pretty substantial increase. Can you give some more details on the jump in those service contracts?

MR. COUTTS: Yes. Those are contracts where at the end of the year, even though we don't owe the money, the contract is still in the department, still outstanding, and we have to show it as outstanding.

DR. TAFT: Okay. Then I guess my supplemental is: why the very substantial increase? Is it just a shift in your bookkeeping, or is it an actual? What's going on there?

MR. COUTTS: Well, it's mostly IT contracts in setting up ACSC and that type of thing and the conversion over into ACSC. That's why it is so much higher: the increase in IT, information technology.

9:10

DR. TAFT: I guess I'm done.

THE CHAIR: Okay. Thank you.

Does the Auditor General's staff have anything to add briefly to that?

MR. DUNN: Yeah. The latter point is right. The reason why the jump is the shifting of the contracts over from other departments into ACSC this year. The contracts always were there. It's ACSC

coming into the ministry that's created the problem.

DR. TAFT: I see. Okay. That's a useful explanation. Thanks.

THE CHAIR: Thank you.

Mr. Harvey Cenaiko, please, followed by Mr. Mason.

MR. CENAIKO: Thank you, Mr. Chairman, and thank you, Minister, for being here this morning. I'm looking at your annual report, actually core business 5. My question to you is: how do Alberta's efforts in implementing a shared-services model compare to other organizations?

MR. COUTTS: Oh, sure. The other organizations and other jurisdictions possibly? Okay. Our approach has always been endorsed by experts in re-engineering people in industry and in other organizations who have adopted shared-services polices. You know, the top 100 of the *Fortune 500* companies all have shared services, and if it works for them, why shouldn't it work for government?

We look at shared services as an opportunity. Other jurisdictions, for example Ontario, have just adopted a shared-services policy. They're rolling theirs out somewhat differently than ours, but they're hoping that the results will be as good as ours even though ours is not perfect at this point in time.

We're viewed as being a leader. We're thought of as kind of setting the template for shared services across the country. Again, each jurisdiction might do it a little bit differently, but presently, besides Ontario, there are three other jurisdictions across Canada in government that are looking at shared services and trying to do an implementation. We also work with them through our executive director to help them. You know, hopefully they don't go through some of the pitfalls that we had early on, and we can certainly help them get by some of the things that we've talked about this morning. They come to us because, again, we're a leader.

MR. CENAIKO: Thank you.

My supplemental question to you, Minister, is: has the Alberta Corporate Service Centre measured customer satisfaction as of yet?

MR. COUTTS: Well, yes, we have. Overall the results are positive. Certainly some preliminary baseline studies in May of 2002 showed satisfaction rates between 79 and 94 percent in a variety of key service areas. We're hoping to conduct another survey early in the year just to see if we can, well, stay even with that rate, recognizing the problems we have in justifying our benchmarks, and we hope that we can keep those services up in relationship to the results at the same time.

MR. CENAIKO: Thank you very much.

THE CHAIR: Thank you.

Mr. Mason.

MR. MASON: Thank you very much, Mr. Chairman. Mr. Minister, thank you very much, and, Mr. Auditor General, I appreciate the work that you've done. My questions also focus on the Alberta Corporate Service Centre. In an overall sense, looking at the Auditor General's findings, I think the results seem quite disappointing so far, that the Corporate Service Centre has not delivered. I guess my first question is whether or not you make use of best practices. It's not the first organization, as you've mentioned, that's gone through this, and I know that the city of Edmonton went to a shared-services model about five years ago, and I think it came off quite successfully there. So who have you looked

at, and how can you make use of other people's experience in order to sort this out?

MR. COUTTS: How can we make use of other people's experience? Are you talking outside of government, or are you talking within each department?

MR. MASON: I think there are plenty of examples from government, whether it's at the municipal, federal, or provincial level, that could be drawn from.

MR. COUTTS: Well, as I said in my last answer to Mr. Cenaiko, you know, we were the first ones to come up with this idea. We're seen as a leader. Not everyone else in Canada has developed this. We have looked at industry. We have one of the foremost experts in shared services as our CEO, Dave Rehill. He has studied this for some 20-odd years and finally gets an opportunity to put it into practice.

Certainly, we would like to have seen a 20 percent savings on ACSC, but it's hard to quantify that based on what we've heard from the Auditor General as well. We could go to industry and develop some of those models. It's difficult sometimes to take some of their practices and the procedures that they use and adapt them to a public service model. They can react rather quickly because they're not dealing with 24 different departments who have done things differently.

I see the future for ACSC as one that is going to be very, very positive in terms of not only saving money – this thing was rolled out as a dollar saver, and we should all be, you know, cognizant of that in everything we do, either in a department or in sharing services. It was seen as a dollar saver, but it was also something that is there for efficiencies and making government work a little bit better together.

So far in the two years that it's up and running, maybe the results haven't shown that 20 percent saving and maybe some efficiencies have been made, but there are more that can be done. I think, you know, that within a couple of years from now, as these processes get put in place, we will see those kinds of savings. We will see that kind of saving, and we will see a more efficient government as well. You've seen it in the private sector. It just takes us, working with 24 departments, a little bit longer.

MR. MASON: Thank you for that, Mr. Minister.

You know, you certainly don't have to sell me on the concept, but I think you're going to have to go a little further in terms of how we're doing. The Auditor General says that there was supposed to be 10 percent gross operating savings for the year, but there was no baseline which was identified, nor were savings identified. It says that "the Centre reported a total . . . value of achieved savings of \$8.5 million as a key performance measure result," but that relates only to the redeployment of 160 full-time equivalent staff outside the centre. So does that mean that there were no savings at all? I mean, if these people are just employed somewhere else, they're off your books, but how is that a saving to the taxpayer?

MR. COUTTS: In terms of the redeployment it wouldn't sound like – and maybe there weren't any savings because there were contracts to buy out, et cetera, and transferring people over, so you had to pay a little bit more for that. Then some people took a package, et cetera, and that presented itself in those first two years. So those costs are included in that as well. Where you're going to see the savings in the future is exactly as I said: in some volume buying, staff being a little bit more efficient, and some service contracts that will actually show that in outside years we've got the benchmarks

established and we can make that proper comparison, and I'm convinced that the savings will be there.

9:20

THE CHAIR: Thank you.

Mr. Ouellette, followed by Ms Blakeman.

MR. OUELLETTE: Thank you, Mr. Chair. Before I ask my question, I would like to let the hon. minister know that since he's had this portfolio in the last 18 months, I think he's been doing a superb job and getting better all the time.

On your statement of operations it appears that the ministry has overspent by approximately \$10 million. Is that correct?

MR. COUTTS: On ACSC?

MR. OUELLETTE: It just says on page 120 in the Auditor General's report that you were noncomplying.

MR. COUTTS: Yeah. That's the supplement to ACSC that was appropriated through Treasury Board.

MR. OUELLETTE: Okay. So the composition of this is what?

MR. COUTTS: It's all ACSC operation.

MR. OUELLETTE: Okay.

THE CHAIR: Do you have any further questions, Mr. Ouellette?

MR. OUELLETTE: No. That's fine. Thanks.

THE CHAIR: Okay. Thank you.

Ms Blakeman, followed by Mr. Shariff.

MS BLAKEMAN: Thanks very much. I'm going to press the minister here in that there have been a number of questions asked around the Alberta Corporate Service Centre. We've had members of the committee ask about, you know, what the actions are that are being taken. We've asked about comparison to other jurisdictions. Since the chairperson has allowed us to wander outside of the fiscal year, I will follow suit and do so as well.

Now, we're eight months into the next fiscal year. I still am not hearing the minister say that there's a baseline that's been established. I still am not hearing the minister say, in fact, that we now have targets against which we can measure performances. I hear hopes, I hear commitment, but I don't see anything where a year from now we can all be gathered together again and have some concrete targets so that we can measure the performance of this. This was established to save money. After the first year and some we are unable to hear from the minister that it did save money. There are claims from the ministry which the Auditor General says they're unable to verify. We didn't get the baseline. We didn't get the targets in this fiscal year. So am I hearing that we have them now? Please comment.

MR. COUTTS: Had the chair allowed Ms Thorsen to answer the activities that were going on for this summer – he stopped me from doing that, and rightly so, because we were venturing into things that were outside of the year that we're having the discussion on, that being 2001-2002 – you might have heard the answer to your question.

MS BLAKEMAN: Well, could I get the answer to my question

now?

THE CHAIR: Sure.

MR. COUTTS: Ms Thorsen, do you want to go over some of the things that ACSC is doing and the hard work that the people are doing to make sure the benchmarks are established?

MS THORSEN: We've had a considerable amount of activity going on with respect to working with ministries to define what the true costs of service delivery are to ACSC, and I think we're coming to agreement because we're now getting solid information on what the true costs are and what the effort is that's going into delivering those services. We did implement an activity tracking system beginning on April 1, so we're able to start tracking the hours and the level of activity that's actually going on so we can start to truly cost the service delivery. So we're not just going with the status quo and as is, but we're starting to develop some costing mechanisms so we can say that the cost of recruitment for an administrative support 4 position would be in the order of \$5,000 and allow ministries to start purchasing services based on an informed cost of service so we can manage both the demand as well as the supply. Hopefully, if I were to tell Roger that a recruitment costs \$5,000, he might think twice about doing it. Now, that might be a poor example, but if people truly understand the costs, they can make informed decisions about what they're actually purchasing and we'd start moving into a true business model as far as the delivery of services.

We're also looking at business process re-engineering. We're in the process of doing a number of streamlining efforts and standardization. The minister has referred to the fact that we have 24 different ways of doing business, and until you come up with one standard process that's streamlined, takes out the disconnects, and introduces the best practices that Mr. Mason raised, I don't think we have a basis for actually truly determining how we bring down the cost of the standard way of doing business. So we're working on a number of fronts with that. We did spend six months with 30 dedicated people back in 2000-2001 doing business process re-engineering, mapping out the target states, mapping out how we should be doing business.

Making reference to an earlier point, best practice doesn't always exist outside government. Sometimes within the 24 ministries we do have a best practice that resides here. But we have researched the industries. We have looked at the city of Edmonton. We have looked at other jurisdictions, around the world as a matter of fact, as well as the world pools and people that have introduced very successful shared services.

We are in the process now of implementing some of those re-engineering exercises. There is a challenge because again it means change. In the businesses that we're in, which are very administratively oriented, they've been much driven by policies and procedures and this is the way we've always done it. I think what we're finding is that we're starting to get some corporate thinking, some corporate solutions, some corporate ideas. A lot of them are coming from the frontline staff as opposed to the management, because those are the people that probably have been in the trenches doing all the work and have had some great ideas. You know, if it ain't broke, don't fix it. We're finding that our staff are starting to work very, very well corporately together identifying problems, coming up with solutions.

I think that with the collective effort between the capturing activities, the understanding of costing, the standardization, the streamlining, the corporate thinking, in combination we are going to come up with an excellent baseline for 2003-2004 that will allow us to capture and report on cost savings and demonstrate that we

actually are making some good results on this initiative.

THE CHAIR: Thank you.

MR. COUTTS: Thank you, Mr. Chairman, for that consideration.

THE CHAIR: Yes.

Mr. Dunn has a comment as well?

MR. DUNN: Yes, indeed. As you know, I'm not that long as the Auditor General. I've come from the private sector, and I've seen where centralization of shared services has been tried. I think you've hit the nail on the head as to, you know, some of the difficulties in the private sector. One of the lessons that I learnt from the private sector is that it starts with the people and then the processes. Technology is not the solution. It's the people and the processes, and you must deal with behaviours within people. That's the most critical thing, and you've got to cause behaviours to change.

However, I want to direct you to the annual report. I'm going to just look at the statement of operations. We've got ACSC here on page 72. If you look at page 72 of the annual report, Mr. Minister, you see where ACSC is there at a budget of \$129,587,000 and an actual of \$139,734,000. Where we struggled was: what is 10 percent? Ten percent of the \$139 million? Is that where we're going? Is that what we're looking for? You know, we've made some answers. What is the expectation that we should walk out of this room with? How much is 10 percent?

MR. COUTTS: We're still working with Finance to determine that baseline as well. Again, this is a work in progress, and it continues to be a work in progress. This is something that is brand new, and we'll certainly continue to work with Treasury on that to find out exactly what that baseline should be.

THE CHAIR: Thank you.

Mr. Shariff.

MR. SHARIFF: Thank you, Mr. Chairman. I'd like to begin by first complimenting the minister and his staff for some wonderful work that they are doing and also thank and recognize the hard work done by the Auditor General and his team.

I want to get back to a question that has been rehashed here a number of times, but it's important. It's important because it impacts the people of this province. I want to go back to the subject of the recommendation made by the Auditor General some four years ago pertaining to the release of privacy information through the motor vehicle registry. As you know, the ministry is responsible for safeguarding its assets and protecting information in its custody. The Auditor General recommended that "the Ministry should develop and implement access standards to protect the personal information of Albertans." The Auditor General goes on further to say that without such standards there is an increased risk of information being misused. Given that it's been four years since that recommendation was made, given that there are no standards in place today, how can this minister and his department assure Albertans that their information – I'm talking about private information – is not being misused or abused?

9:30

MR. COUTTS: That private information is not being misused or abused?

MR. SHARIFF: Yes. How can you assure Albertans?

MR. COUTTS: Well, right now we have the legislative authority of the Freedom of Information and Protection of Privacy Act, and we stay within the confines of that. We also work very, very closely on appeals with the Information and Privacy Commissioner. The Information and Privacy Commissioner is our watchdog as well and, if he finds that we have violated any of that, certainly takes us to task.

Something that is really, really going to help this ministry, going to help registries in the future is the recent review of the Freedom of Information and Protection of Privacy Act. The all-party committee is going to present its report to the Legislature. There will be a debate on that report, and then it will be provided to our department. We hope that some of the recommendations that the Freedom of Information and Protection of Privacy Act all-party committee offers will help us make sure that in the future we can continue to make sure that people's privacy is protected, that the information that is actually needed by an organization out there can be given, and that that information is only the information they actually need.

The other thing that we really need to do before the new FOIP amendments come forward – and I'm hoping to take them forward in the spring of 2003 – is some more stakeholder consultation based on those recommendations. We'll make sure that people like insurance companies, legal companies, lawyers' offices, et cetera, continue to have their access where needed and, at the same time, make sure that people's privacy is protected. It's a tough balance.

We're going to also in the future come up with greater security cards in terms of drivers' licences, a security card that is less susceptible to fraud and forgery. That will help as well and the processes and the equipment that we have in place to also protect so that people can't access. I mean, they can't access now, but today as technology increases, there are things like desktop. People try to access our systems or systems of any corporation. We have to make it as safe as possible, so we're constantly, constantly upgrading our technology to make sure that they can't access. So it's done on a number of fronts, Mr. Shariff. It's actually a very good question. I appreciate it. It's something that we're constantly, constantly working on.

MR. SHARIFF: I appreciate the work and effort that's been put into this issue. Understanding that today in our society we are able to respond to needs at a much faster pace than having to wait for four or more years – we can even put a mission on Mars in less than four years – I'm just wondering if the minister does have a time line commitment. Will we be sitting again at this desk next year and having another excuse given to us that the standards still haven't been developed? I just am wondering if there is a time line that you have set by which we will have standards in place.

MR. COUTTS: I have a personal time line that I'd like to get to. If everything goes well with the Traffic Safety Act and our collaborative committee between ourselves and Transportation, the feedback that we get from stakeholders, and hopefully the amendments to the Freedom of Information and Protection of Privacy Act, I hope that a year from now we can come back and say that it's done. It will be a priority. It's been out there for too long. It will be a priority, but it's a very, very difficult thing to do. There are so many things happening on so many fronts. Our ultimate target is to take all of the things that I've mentioned – freedom of information, the consultation, the TSA, the committee's work, and upgrades to systems – and bring it all together so that a year from now it's done.

THE CHAIR: Thank you.

Dr. Taft, followed by Ms DeLong.

DR. TAFT: Thanks, Mr. Chairman. I'm just trying to sort out some puzzles here. I'm looking on page 85 of your annual report. I may be incorrect here – so that's my first question; you can correct me – but my reading of the voted expenses is that we have an expense line of \$219,000 under communications in a department with a total budget of over \$400 million. It actually seems like quite a low budget for communications, assuming I'm reading that correctly. I assume that you have other communications support from the Public Affairs Bureau. Is that right?

MR. COUTTS: Yeah.

DR. TAFT: Given that we're talking about purchasing and standards and so on, do you have any sense of the value of the communications support given to you by the Public Affairs Bureau?

MR. COUTTS: In terms of dollars?

DR. TAFT: Yeah. When we're talking about purchasing services and the standards so that we know how much it costs.

MR. COUTTS: I've just been told two positions.

DR. TAFT: Two positions at – you don't know how much?

MR. COUTTS: Approximately \$150,000.

DR. TAFT: All right. Under this communications budget and the support from the Public Affairs Bureau what's included in that line? Let me put it that way.

MR. COUTTS: Mr. Chairman, if I might direct that to our chief financial officer.

THE CHAIR: Yes, please.

MR. COUTTS: Thank you, sir.

MS BOHAICHUK: As the minister has alluded to, we have two positions that are paid for by the Public Affairs Bureau, and anything covered by the Public Affairs Bureau is not included in the ministry financial statements. So the dollars that you see in front of you for the communications branch represent internally hired staff within the ministry that work in the communications team. It would represent approximately another three FTEs. There are some minor supplies and services dollars in there as well as some consulting dollars, but the vast majority of those dollars would relate to manpower. The actual costs of publications, forms, those kinds of tip sheets and things would be in the respective program areas so that we can most clearly articulate for you what the costs of delivering those programs are. So those types of costs would be within the various programs. For example, the licensing and registry program would be probably our biggest client of those services.

THE CHAIR: Thank you.

Ms DeLong, followed by Mr. Mason.

MS DeLONG: Thank you. I first of all want to thank the Auditor General for a lot of detail in here. Thank you very much. The Auditor General has recommended that the government improve its internal controls. As ACSC is involved with this, what actions will it be taking?

MR. COUTTS: Dealing with internal controls like audit, that type of

thing?

MS DeLONG: That's right. Yes.

MR. COUTTS: Okay. Well, what we'll be doing is we'll be looking at process improvements, and I think that's the underlying thing to what we've been saying all morning. We know that we have some difficulties, and we know that we have to improve on our processes. We're going to ensure that timed budgets are prepared for all significant audits, and we're going to include, when and where applicable, audit plans that consider significant findings, as Sherri pointed out to us earlier. We're going to introduce both universal and audit-specific sampling of methodologies where we find that they're appropriate and where we find that they're needed.

9:40

The other thing that we're going to look at is audit follow-up. It's important that we not only have entry meetings to understand what's being asked but, at the same time, after the service has been delivered, then have an exit meeting and say: did we come up to expectation? That's got to be done not only on a day-to-day basis – when I'm referring to day-to-day, I'm talking about an informal basis – but also has to be done on a very formal basis in meetings such as this. Basically, as Sherri said, we're going to incorporate standard working papers that support the conclusions so that we can make sure that the findings of the audit come up with tangible results that we can actually point to and say: these are the things that have happened.

MS DeLONG: I was especially interested in number 2, page 124, Change Management Procedures. Just before I was elected as an MLA, I came partway through on a project where these kinds of controls weren't in place, and there was a tremendous amount of work being done that was being lost. You know, somebody walking in and trying to do work in that environment is not very effective. I would think that if you concentrate on things like this, you're going to find that your people will be much more effective and you will actually be able to get cost reductions through this kind of work.

MR. COUTTS: Well, thank you for that. I agree with you, but it also has to be accepted by departments as well. That same kind of philosophy has to be accepted by departments as well so that they can be part of the process. So thank you for your comments.

THE CHAIR: Thank you.

Mr. Mason, followed by Mr. Broda, please.

MR. MASON: Thanks very much, Mr. Chairman. My question is to the Auditor General. He's made a number of comments with respect to the audit services portion of this department and has indicated that "ministries rely on the Centre's audit services to provide assurance on identified risk areas." He goes on to say that "poor audit processes will impair the Centre's ability to provide cost-effective audit services to clients." Could you please give us some idea as to whether or not there is a significant risk across the departments of the government as a result of shortcomings in the audit services?

MR. DUNN: Indeed, if you look at our recommendation 2, which is in the front part of our report – and I'm just going to look for that myself – on page 25, if you have the Auditor General's report with you, we look at establishing an internal audit function across the government as a whole, "that significant government systems and risks are managed effectively." Certainly the audit function which

exists in ACSC right now is more of a compliance audit function. It looks at going in and agreeing to policies and practices and looking for acceptance to policies and practices. It doesn't start, which we'd normally think, from a rigorous internal audit function with what are the greatest risks across the government and going in and talking to departments regarding strategy, business plans, et cetera. This is really just a compliance audit function. So if you said, "Is this is a sufficient internal audit function for the government?" through recommendation 2 we have said: no, it is not a sufficient internal audit function for the government. There has to be an awful lot more rigour put into this audit function to bring the value to the government that it needs.

MR. MASON: You seem to suggest that this development of the audit function across the government ought to be a priority of the government as a whole rather than as a subset of the issues dealt with by this department.

MR. DUNN: Exactly. In our mind, it has to report to a senior group. I like the model that B.C. follows where they have a council of deputy ministers, and then the internal audit function reports to the council of deputy ministers and looks at all the different departments as to where the highest and greatest risk is within the government and then focuses a fairly small but very specialized team on those risks. This function, which is carried out through ACSC, does not have the knowledge or the skill sets or the resources to complete that task.

MR. MASON: Okay. I wonder if we could get the minister's comment on that.

MR. COUTTS: Absolutely. I understand that the Deputy Minister of Executive Council will be working with the other deputies – that's all of the other deputies – to actually set up that type of a council that can review the opportunities to establish that internal audit. That's something that we're working on, and guys like him will be on the hook for that.

THE CHAIR: Thank you.

Mr. Broda, followed by Ms Blakeman.

MR. BRODA: Thank you, Chair. I'd like to echo the same sentiments expressed here this morning as well to your ministry, Minister, and to the Auditor General for the fine work that you've done here over the past 18 months or so.

You mentioned several times in your preamble this morning in regard to registry services – I'm looking at page 72 of your annual report. I find that under fees and licences you have recorded about \$11 million dollars higher than budgeted. What is the cause of this increase? I know that it refers back to schedules 1 and 2 as well, and I find that registry on motor vehicles is roughly \$7 million higher than budgeted. Again my question is: what is the cause of this increased revenue?

MR. COUTTS: Well, basically it's the good economy that we have, more people coming into the province, more people buying houses, buying property. Our land titles is way, way up, and that tells us that there are more people moving here. If they're moving here, they're buying cars and they're wanting drivers' licences. Actually, what it is is more people working in Alberta. That's why we see the increase. There's more demand on our system, that is now 20 years old. We find that servicing that demand certainly has its challenges, but we've got more revenue coming in because of the economy of the province, Mr. Broda.

MR. BRODA: Okay. Thank you.

A supplementary question: do you anticipate any further motor vehicle fee increases at this point?

MR. COUTTS: Absolutely not. We're not feeling that we need any more increases. What we needed increases for was to make sure that we could keep up with technology to replace that 20-year-old system. As I said earlier, we have more people coming here, but we also have more commerce in the province, more commercial vehicles being registered and that type of thing. So with the extra dollars we go into upgrading the system with the knowledge that we can look after those customers a whole lot better. The commercial people will be a lot happier because they'll be able to come in, get their service quickly, and get on with business. It took us 12 years to get the fees up to where they're at today, which is below the national average, but we don't see any increase in the near future.

Thank you, Mr. Broda.

MR. BRODA: Thank you.

THE CHAIR: Thank you.

Ms Blakeman, followed by Mrs. Jablonski.

9:50

MS BLAKEMAN: Thank you. I'm referring to pages 11 and 12 of the annual report, under Performance Highlights. There are an astonishing number, covering more than two pages, of your performance measurements. I notice that a number of them do not have targets that go with them, or they're expected to be established sometime in the future, in some cases in a 2002-2005 business plan. So my question to the minister is: how meaningful or how useful are these performance measurements if there are no targets set with them to measure by? Maybe the minister has a way of measuring that I'm not aware of that doesn't involve targets. Could he talk about this a bit?

MR. COUTTS: Along with ACSC just being relatively new, you know, within the last two years, our department is just now three and a half, maybe four years old. We certainly have been able to develop targets based on previous years' performances. As things were added on to our department, we were not always provided with, again, a benchmark of where the performance was. We can have the greatest targets in the world – and we set our own targets – but we rely on consumer feedback. We rely on our stakeholders' feedback. We rely on our stakeholders to consult with their customers on feedback. Because we're involved with vital statistics, from the time of birth right to death, we have a number of things on the go. As they were added to the department, as I say, we didn't always have the ability to know exactly where the performance measures would end up.

But over the last four years we have developed a good criterion for developing our performance measures and the targets that we want to reach. The performance measures in relationship to the targets are based entirely on demand. We are in a demand business. We don't know how many people are going to apply. We can have a good idea of how many people are going to be applying for a driver's licence this year or for an automotive registry or for land titles, but we have no idea how many housing transactions are going to take place. We don't know how many requests from lawyers or insurance companies or banks are going to come in. It's very, very difficult for us to always reach those targets, but hopefully with the upgrade to our IT we'll be able to get back to the performance measures that we had during this year. You're going to see next year that we've slipped a little bit because of the demand.

MS BLAKEMAN: Okay. A supplemental then. As I said, there are an awful lot of these performance measurements, around two dozen of them. So I'm wondering: with that many performance measurements in a ministry, which are the ones that keep you up at night, where you go: boy, that's the one I'm really concerned about right now? Is there a prioritization to what you're doing? What's the one that wakes you up at night?

MR. COUTTS: Nothing keeps me awake at night. I sleep very well, and I'll tell you why I sleep very well. Because we handle 34 million transactions – 34 million transactions – on behalf of Albertans, with little or no complaints. When we go out and talk to our stakeholders and we go out and talk to our consumers and we do an assessment on our call centre – how many calls come into our call centre a day? Give me the figure.

MS BEVERIDGE: Well, 188,000 a year.

MR. COUTTS: A hundred and eighty-eight thousand calls come into our call centre a year, and less than 10 percent of those are hang-ups, less than 10 percent. That's fantastic. We're providing a very, very good service. We have improved our information systems. We have improved our service to customers, to Albertans, and I can sleep at night.

THE CHAIR: Thank you.

Mrs. Jablonski, in the time we have left.

MRS. JABLONSKI: Thank you. Well, I'll have to admit that this is a remarkable ministry. It appears to make money and gives good service too. There are only four recommendations from the Auditor General, and that makes me believe that you are indeed doing a good job. I know that I've been very satisfied with the responses that I've received from Government Services. When my constituents ask for help with travel clubs, driver examination fees, and EPCOR, this department responds immediately to their concerns. So thank you very much for that.

As I'm looking through the Auditor General's annual report, on page 117 – I'm looking at this as if I were an average Albertan – I see that your expenses are \$191 million, your revenues are \$407 million, and that you received \$141 million from government departments for the delivery of services and then returned money back to the general revenues. So I'm just curious as to why you would require any money from other government departments for the delivery of services.

MR. COUTTS: The dollars that came from other departments go directly into ACSC under service agreements to carry out the service that is required under that agreement, and of course the dollars and the FTEs go with that. What we're looking at in terms of the ministry receiving \$407 million in revenues – I believe that's on the registry side of things. Or is it strictly ACSC that you're talking about?

MRS. JABLONSKI: Well, \$266 million from fees and licences and \$141 million from government.

MR. JACKSON: That's motor vehicles.

MR. COUTTS: That's motor vehicles; yeah.

MR. JACKSON: That's our basic revenue.

MR. COUTTS: I'm sorry; what was the question around the \$266

million? I answered the question about the ACSC. I'm sorry.

MRS. JABLONSKI: That's okay. Well, that's where you get your money, but then you take another \$141 million from other government departments. I just wondered why you did that, but you answered that by saying about the ACSC.

MR. COUTTS: Right.

MRS. JABLONSKI: So I think you've answered my question.

MR. COUTTS: Great.

MRS. JABLONSKI: Supplemental. The cost of the new driver's licence, or identification security card, will be considerably higher than the cost we have now. Will the ministry be able to recover these costs from the consumer?

MR. COUTTS: Can you repeat that one again, please?

MRS. JABLONSKI: Our new security card.

MR. COUTTS: Oh, yes.

MRS. JABLONSKI: The costs are substantially higher.

MR. COUTTS: Okay; the new security card that we're looking at. The request for a proposal is out there on the new security card. We won't know what it's going to cost until that request for a proposal comes back in. We'll have an idea what the costs will be then. We have been asked to go to Treasury Board with those costs, and so we'll actually be going for another allocation of dollars to fit the need for that higher security card.

MRS. JABLONSKI: Thank you.

THE CHAIR: Thank you very much.

At this time I would like to express my gratitude to the minister, to the Auditor General, his staff, the minister's staff, and all members of this committee for their patience this morning with the electronic buzz that was interrupting the proceedings. Hopefully it can be addressed and fixed before the next meeting, but I would like to express my thanks to you all for your patience. Thank you for your attendance this morning.

Before we adjourn, there have been responses distributed by Corinne Dacyshyn, the committee clerk, with regard to follow-ups from the spring meetings from the hon. Dr. Oberg, the hon. Dr. Taylor, and the Hon. Gene Zwozdesky.

I would remind all members of our meeting next Wednesday. I believe it is the Minister of Energy and his staff that are going to come by.

At this time, if there are no other items that people would like to bring up on the agenda, I would ask for an adjournment motion, please.

MR. HUTTON: So moved.

THE CHAIR: Thank you.

[The committee adjourned at 10 a.m.]