

**Title: Wednesday, February 25, 2004 Public Accounts Committee**

Date: 04/02/25

[Mr. MacDonald in the chair]

**The Chair:** Good morning, everyone. I would like to call this meeting to order, please, and welcome everyone back. There are no changes to the committee membership.

I would like to welcome the Auditor General, Mr. Fred Dunn, and his colleagues this morning, and we have with us the staff of the Department of Municipal Affairs. Because of the weather conditions outside, there are a few people running late, but that's no trouble; that's completely understood. We will get on with the organizational part of the meeting, and hopefully the fog will lift over the city.

I would like now to ask for approval of the agenda, which had been circulated earlier.

**Mr. Lukaszuk:** Mr. Chairman, prior to conducting the business of the committee, there are some important matters relevant to the conduct of the committee that I would like to raise to your attention.

**The Chair:** Okay. Would you like to do this now, or would you like to do this at a time that is set, say, 9:45 or so? It is my understanding that the Minister of Municipal Affairs has a previous engagement.

**Mr. Lukaszuk:** Since the minister is not here, it may be a productive time to do it now, I would suggest.

**The Chair:** Okay. Well, let's deal with it then. Yeah, go ahead.

**Mr. Lukaszuk:** Mr. Chairman, I would read some quotations from our committee's *Hansard* relevant to a matter that took place before this committee pretty much actually a year ago and some subsequent developments. I'm referring to our Legislature's *Hansard* recording of the business of this committee dated February 26, 2003. I will be citing page PA-1. During that meeting the deputy chair of this committee, Mr. Shariff, said:

Mr. Chairman, I have had a number of my colleagues approach me on a matter that I believe the committee needs to deal with, not today but at some stage in time. However, I have to move a motion today to deal with the issue.

The chair did write two letters, one dated January 27 to the president of the Executive Council and one dated January 29 to the members of the Executive Council. This committee hasn't had an opportunity to discuss or direct the chair to write those letters, and I believe the committee should have some input in the content before we write to these people. I'm not passing a judgment whether the content is acceptable or not acceptable, but today I move that the chair rescind the letter of January 27, 2003, written to the president of the Executive Council and letter of January 29, 2003, written to the members of the Executive Council until such time as the committee directs the chair to do so.

Mr. Mason, from the NDP caucus, seconded this motion, and the motion has passed. Further in the *Hansard* on page PA-2 of the very same day, I have been quoted as the Member for Edmonton-Castle Downs saying:

Mr. Chairman, I gave some thought to this matter. I don't think the issue at hand is whether the requests in your letters were meritorious or not. It is not the content of those letters that is at question. That's something that could be debated at a different forum. But the question is: does the chair have the mandate or does any member of the committee have the mandate to issue letters on behalf of the committee without the consent of the committee? I think that [this] is the question at hand. We need not debate whether the content of the letters was meritorious or not.

A motion was put forward further, on page PA-3, of the very same *Hansard* by Mr. Shariff.

I move that

the chair rescind the letter of January 27, 2003, written to the president of the Executive Council and the letter of January 29, 2003, written to the members of the Executive Council until such time as the committee directs the chair to do so.

That motion was passed as well.

Mr. Chairman, a year has passed since that motion was passed, and I stand to be corrected, but to the best of my knowledge the letters in question have not been rescinded by yourself as duly directed by this committee.

Notwithstanding that, in the proceedings of the Legislature under the appropriate time for tabling of letters you have yourself tabled last week yet another letter, dated February 2004, again addressed to the Executive Council and to the Premier of this province, requesting that the Premier attend the meetings of the Public Accounts Committee and make himself available for questions and his budget review, to which the Premier has agreed.

Mr. Chairman, this letter, again, was issued by yourself without, to my knowledge, prior discussion of this committee or any direction of this committee. I stand to be corrected, and I will ask the deputy chair perhaps to speak for himself. I haven't consulted with anyone on this matter other than asking the deputy chairman whether he was consulted, and I understand that he has not been consulted, either, on this letter prior to that letter being issued and tabled in the Legislature.

What in my opinion makes this matter even worse, Mr. Chairman, is the fact that in writing that letter to the Premier, you haven't extended the courtesy to the committee members to even copy the members on that letter so that as members of the committee we can be aware of the fact that such invitation has taken place.

So at this point I would ask simply for answers because that's all I'm seeking at this point. One, have you rescinded the letters of last year as directed by a resolution of this committee? If not, why not? Why did you proceed to issue yet another letter with a very similar content without consulting this committee as requested in the prior case? Why were you willing to reschedule the business of the future meetings of the committee to accommodate the Premier? I imagine we would have had to remove one minister off the docket to accommodate that request. Have you received any consultation from the deputy chair? Why did you not copy the members of the committee with such letter?

I want to assure you that it is not, again as I stated exactly one year ago, about the content. As a matter of fact, I think it would be meritorious to have the Premier appear before this committee because it makes the committee that much more effective, and I think it would be a good exercise to have the Premier appear before the committee. I agree with you on that account, and I still believe that since the Premier has agreed to it and now the invite has been issued, we should proceed with the business as it may be. But I continue to have difficulties with this process where I am a member of a committee which gives the chair one set of directions, yet the chair proceeds with business irrelevant to what the wishes of this committee are.

Those will be my comments.

8:40

**The Chair:** Well, there is a speaking list developing here, with Ms Blakeman and I believe the vice-chair on it. But, first off, there have to be some corrections made here immediately, Mr. Lukaszuk. That letter to the Premier was never tabled, as you suggest, in the Legislative Assembly. I had a discussion, a verbal discussion, after question period on Monday with Mr. Shariff, the vice-chair, who

indicated at that time that he had no problems with this letter. Also, if you would take the time to read the end of the letter, you will see where it's copied to all members including yourself.

As far as the motion to rescind the letters that I wrote to the Premier and to other Executive Council members last year, I'm still studying the role of the chairperson of the Public Accounts, and in due time I will put a signature to those letters.

Now, we have a speaking list.

**Mr. Lukaszuk:** Mr. Chairman, I must respond to the comment that you made, perhaps before we get to the speaking list.

**The Chair:** No. We have a speaking list. Now, if you want to get back on the speaking list, you can.

**Mr. Lukaszuk:** Certainly.

**The Chair:** The chair would like to ask for the direction of the committee. We have the Minister of Municipal Affairs here now. We have a significant budget, tax dollars, to scrutinize here this morning. Everyone's time is very valuable and precious. Would you like to proceed with this portion of the meeting and deal with this matter, say, at 9:45?

**Mr. Ouellette:** I think we should maybe proceed and get the minister on his way – he's a busy boy today – and then we can proceed with this right after that.

**Some Hon. Members:** Agreed.

**The Chair:** Okay. We will continue with the agenda, item 4.

We have a few housekeeping details first. We have not had an approval of the agenda this morning. Approval? Thank you.

Perhaps we should, for the sake of the minister and his department officials, quickly go around the table and introduce ourselves, starting with Ms Blakeman.

[The following members introduced themselves: Mrs. Ady, Ms Blakeman, Mr. Broda, Mr. Cao, Ms DeLong, Mrs. Jablonski, Mr. Lukaszuk, Mr. MacDonald, Mr. Marz, Mr. Mason, Mr. Ouellette, and Mr. Shariff]

**Mrs. Dacyshyn:** Corinne Dacyshyn. I'm the committee clerk.

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

**Mr. Boutilier:** Guy Boutilier, Fort McMurray.

[The following departmental support staff introduced themselves: Mr. Auger, Mr. Hellweg, and Mr. Pickering]

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

Hon. Minister of Municipal Affairs, would you like to give us a brief overview of your department, and then that will be followed by remarks, if he wishes, from Mr. Dunn in regard to your department from his annual report.

**Mr. Boutilier:** Thank you, Mr. Chair and members of the committee. I want to say that it's indeed a pleasure to present to your committee this morning my annual report for the 2002-2003 fiscal year. This is my second time presenting to Public Accounts, and I want to assure you that I always appreciate the opportunity to come to this committee.

What I'd briefly like to do is just highlight some of the key initiatives undertaken by my department and my ministry in the 2002-2003 year, including the progress we've made on the Auditor General's recommendations.

For those of you unfamiliar with the makeup of Municipal Affairs, here's a quick core business summary of the bodies that report to me: essentially, local government services; safety services and fire protection; disaster services, which is now referred to as EMA, Emergency Management Alberta; the Municipal Government Board as well as the Special Areas Board; and improvement districts. The department also works in partnership with the Safety Codes Council, which includes organizations such as the Alberta Boilers Safety Association, the Alberta Elevating Devices and Amusement Rides Safety Association, the Alberta Propane Vehicle Administration Organization, which in fact was repealed in November of '03, and, finally, the Petroleum Tank Management Association.

I want to say that the local government services division, or LGS as we refer to it, deals with the policies in legislation and support for sustainable, accountable, responsive, and effective local government for Alberta's 354 municipalities. At the time when I presented it last year, there were 360 municipalities. Since that time we have had some dissolutions based on petitions that have come forward from citizens indicating their need to, in fact, partner with neighbouring municipalities, which I think in many instances is very positive.

One of the key initiatives in '02-03 was the three Rs council. This is the Minister's Provincial/Municipal Council on Roles, Responsibilities, and Resources in the 21st Century. I'll refer to it as the three Rs. It continues to be an effective forum for discussion of provincial/municipal relationships and municipal sustainability.

The members of the committee include myself as co-chair; also as co-chair George VanderBurg, the MLA for Whitecourt-St. Anne; Ian McClelland from Edmonton-Rutherford; and Mark Hlady from Calgary-Mountain View. As well, there is the president of the Alberta Urban Municipalities Association, Ernie Patterson; Jack Hayden from the AAMD and C; Bill Smith of Edmonton; Dave Bronconnier from Calgary; and Doug Goss from the Alberta Economic Development Authority. I want to say that we wish him a speedy recovery, because he had emergency surgery when his appendix actually exploded the other day. We wish him, Mr. Goss, an Edmontonian here in Edmonton, a speedy recovery. I want to say that the council is certainly gaining a lot of attention from across Canada.

I had the pleasure just before this fiscal year was over to meet with Mike Harcourt, Prime Minister Martin's person who's been designated for a new deal for cities. That's where we're advancing important initiatives relative to helping both urban and rural municipalities.

Also, I want to just briefly touch on the minister's awards for municipal excellence. I believe that recognizing our municipal leaders is an important example within our ministry and also on behalf of the Alberta Legislature where we in fact try to highlight best practices that are taking place within Alberta communities and municipalities. What we are attempting to do is share those best practices with neighbouring municipalities from north, south, east, and west so that others can learn rather than having to reinvent a wheel. If there's something that's working well, let's tap into it.

That was one of the main partnerships we developed with the University of Alberta in terms of municipal excellence in terms of things that are working well. I want to say that the municipal sponsorship program is a key hallmark of our ministry, where we've had 237 applications for grants paying out over \$13.5 million directly to rural and urban municipalities.

Some examples include the towns of Didsbury and Olds, Sundre,

and Carstairs and the village of Cremona partnering to undertake a regional waste diversion and collection improvement project. It's estimated that the total volume of waste diverted from landfills through this program includes compostable organics and recyclables that will reach about 50 per cent. This will save on landfill cost, while the composting part of this operation will generate revenues to help offset some of the municipal operational costs. I think these kinds of partnerships are very important.

Another good example, just one other example, is a sustainable development project which we've sponsored, the solar energy facility upgrade for the town of Okotoks. This project involves installing solar hot water heating systems. If you haven't done that in your home yet, I think I highly recommend you do that.

If nothing else, in terms of water conservation if you haven't put a brick in the back of your toilet yet, you should be doing that to conserve water as well. Where you get the brick from I'll leave up to you.

The benefits of this project will include long-term operating costs, reducing reliance on traditional grid energy sources, and cutting CO<sub>2</sub> emission in terms of Albertans' commitment to reducing CO<sub>2</sub> emissions. These are just two small projects that have been done and have benefited from the municipal sponsorship program.

The local dispute resolution initiative. Sometimes it's important to bring in a third party. When we have municipalities that are, shall we say, having a healthy debate of disagreement, our ministry has taken the opportunity of providing what is called a mediation intermunicipal dispute mechanism. We certainly have had lots of success in many areas across the province. I want to say that this initiative in helping work with municipalities was acknowledged with a bronze Premier's award of excellence.

#### 8:50

Safety services and fire protection. Clearly, the Alberta emergency services medal, where we had over 600 firefighters from all corners of Alberta for a recognition of their work on the front steps of the Legislature last May, which the majority of members of this committee attended, was another fine example of recognizing both the professional and volunteer help of our emergency services people. It's been widely accepted, and it's a program that is growing in terms of recognizing their good work in their Alberta communities.

We have many initiatives. I want to move on. Just briefly, the third core business is disaster services, referred to now as EMA, Emergency Management Alberta, following September 11. Recommendations were made by the Auditor General, and I want to say that we're very proud of the \$1.4 million, 17,000 square foot emergency management operations centre that was up literally just, I believe, 14 months after the recommendations were made by the Auditor General. I want to say that I was very pleased that the Deputy Prime Minister attended our opening in December, where it was recognized as a model for every other province in Canada, and I want to say that I appreciate the Auditor General's recommendations regarding this crossdepartment emergency preparedness co-ordination.

We are working on many other programs. For the sake of brevity, I just want to conclude with the Municipal Government Board. I want to say that we of course had major consultations regarding a safety system review. We completed an extensive stakeholder safety system review in partnership with the Safety Codes Council, which is very important. The final report of the review was made available to the public in May of this past year, and its findings are being implemented by Municipal Affairs and the Safety Codes Council as we speak.

With that, I'll take my seat, Mr. Chair, and thank you for your time.

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

Mr. Dunn, do you have a few opening comments, please?

**Mr. Dunn:** Thank you very much, Mr. Chairman. To the committee members, our comments on this ministry are located on pages 245 to 256 of our 2003 annual report. In our current report we provide one new numbered recommendation plus our conclusions on our follow-up of the prior years, two numbered and one unnumbered recommendations, in addition to action taken on other years' outstanding recommendations. Bluntly, this ministry has taken action over the last year on a number of areas which are very important to Albertans.

First and foremost, the ministry has addressed one of the most important recommendations we made in 2002, that of establishing an adequate emergency management operations centre. I attended the official opening of the new Emergency Management Alberta operations centre on December 18, 2003, which opening took place virtually – and I'll use 11 months – 11 months from the day the government officially announced that they had accepted our 2002 recommendation 46. I was very impressed with what had been established, and I congratulate the ministry on their prompt action.

In addition, the ministry has either implemented or made substantial progress in addressing the other outstanding recommendations from the previous and prior years, all of which are summarized under the scope section of our 2003 report on page 246. These dealt with municipal property tax assessments; emergency preparedness plans; responsibilities under the Safety Codes Act; and business planning, performance measurement and reporting, and human resource management systems.

Matters relating to the year ended March 31, 2003, start on page 254 of our 2003 annual report. We note that we have two qualifications in our Auditor's report on the ministry's financial statements for the year ended March 31, 2003. The first reservation deals with the level for the capitalization of fixed assets, and I am pleased to report that this matter, which affected 17 ministries, has recently been resolved with the Ministry of Finance. The second reservation concerns the exclusion of the assets, liabilities, revenues, and expenses of the various delegated administrative organizations and the Safety Codes Council, which organizations are accountable to the minister.

Recommendation 37 on page 254 relates to the use of grants to other organizations to acquire or develop assets which are used by the ministry. In essence, the ministry was recording a grant expense when it was acquiring a capital asset. This matter is discussed on pages 255 and 256 of our current annual report.

Those, Mr. Chairman, are my opening remarks. I and my colleagues will be pleased to answer any questions that the committee may direct to us. Thank you.

**The Chair:** Thank you very much, Mr. Dunn.

There is a long list of committee members this morning who have questions in regard to this department. I would urge all members to be as brief as possible, because of the length of this list, with their preambles and also the follow-up question.

We will start this morning with Ms Blakeman, followed by the Member for Red Deer-North, Mary Anne Jablonski.

**Ms Blakeman:** Thank you very much, Mr. Chairman, and thank you, Mr. Minister and staff, for coming to see us this morning. Welcome.

I am following up on recommendation 37, which is the only numbered recommendation this department received this year. Congratulations on your work on the previous recommendations. I'll just quote something.

The Ministry should not have accounted for the \$2.4 million as a grant. A grant is a transfer of money for which the person making the payment (in this case, the Ministry) does not expect to get any goods or services in return. Since the Ministry received goods – the ASSET system . . . it was not appropriate to record [this].

Why did the ministry record as a grant what should have been a payment? Why did you record it as a grant?

**Mr. Boutilier:** Thank you, Mr. Chair. As was mentioned by the Auditor General, in 2002 the ministry received a supplemental estimate of about \$10 million, in answer to the question, for the development of ASSET, which is the assessment shared service environment. This project was to develop a system where certain municipal assessment data would be pooled and shared among municipalities from every corner of Alberta and with the province as well. Now, the system would facilitate the work of local assessors and would also support the ministry's assessment audit and equalized assessment process. Of this funding about \$3.7 million was provided as a grant to the Alberta Association of Municipal Districts and Counties, and a similar amount was also provided to the AUMA.

Now, at the time that the grant was provided, the long-term ownership structure for ASSET, for the system, had not yet been determined, so the Auditor General's comments are quite appropriate, and certainly we comply with and agree with it at this time. Since it wasn't determined who was going to own it – would it be the municipalities or would it be the province? – it became evident as the system was being produced that there were expectations that the system would be owned, quote, unquote, by the associations jointly.

During the ASSET development system it became clear that the development and the operation of the system would require ongoing provincial input. In the end it was determined that given the nature of the system, ownership should reside with the province. That was not determined when originally the amount of money was allocated. The intent of it back then was to have it perhaps being owned by someone else.

It should be noted that the funds were disbursed by the associations to the system developer only upon their completion of the work. So we gave the money directly to the AUMA and AAMD and C. The AUMA and AAMD and C didn't disperse the money to the developer until, in fact, the work was done. But as I indicated earlier, clearly this in subsequent years will be recorded as a capital asset within my ministry's department.

**Ms Blakeman:** A follow-up question. Perhaps I'm contradicting what you just said – I can't find it here – but I was under the understanding that the ministry in fact paid the full amount for this system before the work was complete. Is that standard practice?

**Mr. Boutilier:** What we actually did was – the estimated \$2.4 million in capital assets are going to be recorded in our 2003-2004 financial statement, but the money was in fact sent to the AUMA. When we paid it, we sent it to the AUMA, and then the AUMA disbursed it as the work was being done by the developer.

9:00

**Ms Blakeman:** But it left your hands before the work was done?

**Mr. Boutilier:** That's correct. Yes.

**Ms Blakeman:** Is that standard practice for this department?

**Mr. Pickering:** I think the issue is that originally when the grant was disbursed by the department, it was envisioned that the system would be built and owned by the associations, so at that point it wouldn't be an issue with respect to a capital asset owned by the provincial government, something that we'd have to book as a capital asset and amortize. As a result of the evolution of the project it was determined that it should be owned by the province, and correspondingly \$2.4 million of the roughly 7 and a half million dollars that was given jointly to the two associations will be a capital asset put on our books and amortized.

**The Chair:** Thank you.

Mary Anne Jablonski, followed by Mr. Mason.

**Mrs. Jablonski:** Thank you, Mr. Chair. Well, it looks like you guys have done such a good job in your department that there was only one recommendation, and Laurie asked all the questions. However, it does disturb me, and I would like further explanation why. You did allude to this, and that was that you gave the money to the AAMD and C and the AUMA before the projects were completed, although you did say that those two associations hung onto the money until the development had taken place and the work was done. My question is: if they were hanging onto it until the work was completed, why didn't we as Municipal Affairs hang onto it as well?

**Mr. Boutilier:** Thank you. That's a tough question to answer. In the relationship we have with the Urban Municipalities Association and the AAMD and C, both of them, urban and rural, we give money to municipalities because of their cash flow, because of the fact that if a project is to be done, they need the money to do the project. We have the scoping work. We have the proper audited criteria when we evaluate an application. Clearly, we have trust in them. There is also the evaluation afterwards. What is the term we use?

**Mr. Pickering:** Compliance.

**Mr. Boutilier:** We have a compliance agreement that has to be verified in terms of the monies that were given relative to what the term of the project was. So we have an important relationship with municipalities. We advance money because of the fact that they don't have the money, and then we fulfill that with a compliance agreement relative to what the task of the application was. So I can assure the hon. member that proper compliance with what is being said is going to be done is done.

**Mrs. Jablonski:** Thank you for that answer, but it still disturbs me that the money was being held in their accounts when it could have been held in our accounts until the work had been completed and confirmed.

**Mr. Boutilier:** Can I say that originally when we gave the money to the AUMA and the AAMD and C, we were giving it assuming that they were going to own the asset. So because of the fact that we thought they were going to own the asset, that was the proper mechanism. But as we began developing the system and consulting with them, we began to realize that this asset, a portion of it, really did belong with the provincial government, and therefore it will be recorded in our financial statements as a capital asset.

**Mrs. Jablonski:** Thank you.

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

Mr. Mason, followed by Mr. Shariff.

**Mr. Mason:** Thanks very much, Mr. Chairman. Welcome, Mr. Minister. I'd like to ask you about one of your goals in the annual report. It's goal 2, "financially sustainable and accountable municipalities." This is on page 27 of your annual report. In particular, I'd like to ask about the prognosis for some of the smaller urban municipalities. In parts of Alberta there is, I think, an emerging crisis with respect to many of them as far as their financial position goes. Their tax base is a considerable concern. I guess that one of the solutions that's been advanced is the dissolution of some of these municipalities and rolling them into their rural municipality, their county or MD. I'd just like to get your views on the causes of this, the solutions, where we're going with respect to some of the smaller municipalities in this province.

**Mr. Boutilier:** Well, thank you, Mr. Chair. To the hon. member I want to say that if we were creating Canada again today or if we were creating Alberta again today, one would pose the question: would we have close to 360 municipalities? I think the short answer would probably be no. In fact, at one point I made a comment at a municipal group with over 1,500 elected leaders where I said that I thought we'd have maybe three or four different quadrants and that that's how many municipalities we would have. That was not all that broadly received by the 1,200.

Let me just say, though, that it's the ability of municipal neighbours looking at each other. They see a neighbouring municipality who perhaps has a greater assessment base, so they consequently have greater tax revenue. With many municipalities it really is much like the invisible hand, where electors come forward. There's a very democratic process that takes place. Some of those examples: I know we had one in Plamondon. Burdett, I believe, was another one, as well as the summer village of White Gull. Citizens came forward, they met with their council, they then petitioned, they had a vote, and a dissolution vote came forward. We had officials out there. They explained the strength and the weakness if they dissolved to go in with a neighbouring municipality.

In terms of where that is going, I believe that neighbouring municipalities clearly are looking at how they can help each other. The hon. member in his municipal experience – in mine we used to have a situation where I had a snowplow stop at our city border, lift its blade, go through the city, and then put its blade back down and continue into the county. With only one taxpayer one would wonder: does that really make a lot of sense? So what we have been doing in working with not just rural but with urban as well is asking them the question: is there a better way where we can use your dollars?

One of the criteria we accept now under the municipal sponsorship program is this. If you apply for a municipal sponsorship program, the first questions this minister asks are: "Have you consulted with your neighbour? Have you considered coming together and trying to do something together as opposed to by yourself?" It doesn't mean that you can't keep your identity. I think the strength of Alberta is that we have almost 360 municipalities that are very proud of their identities. At the same time, though, it doesn't mean that we can't share service.

Dissolution studies really are about joining and sharing service with just one less governing body. I'm encouraged by that, and I'm hopeful that in the future that will continue if the residents in the particular areas deem it to be necessary in terms of the value they're getting with the existing system for their tax dollars at the local level.

**Mr. Mason:** Thank you for that. I guess that a concern I have is not so much the process to be used but what the underlying cause of this is. What is happening to the assessment base of these municipalities, and does your ministry have plans to address that issue?

**Mr. Boutilier:** I can't read your writing, so I'm going to have to – can I give you the best example? I'm just going by memory. You know, a grain elevator for whatever reason is torn down. It was the hub of the community at one point. The grain elevator is gone. The assessment base then is lost, and ultimately the municipality has a deficiency of dollars. So the short answer to your question is that it's an issue of money, where municipal groups that are losing an assessment base then feel at times that it makes more sense to join with the neighbouring municipality.

That gets back to my original point. If we were creating Alberta today, would we create it like it was then? I suspect not. So what I see evolving is municipal citizens with their leaders coming together and saying, "Listen; it makes more sense for us in this 21st century to perhaps partner with another neighbouring municipality because we've lost our grain elevator," which is just one example.

**The Chair:** Thank you.

Mr. Shariff, followed by Ms Blakeman.

**Mr. Shariff:** Thank you, Mr. Chairman. I just want to thank the hon. minister and his staff as well as the Auditor General and his staff for the time they've given us at this committee. Thank you also for the presentation you made.

One of the learnings I've had, having been on this committee for several years, is that by the time an issue becomes part of the Auditor's report, a lot may have transpired in the internal audit processes. My questions stem from the report that's currently before us, partially given the scandal that's happening at the federal level. I'm going to ask a question to the minister and one question to the Auditor General. On the issue of relinquishing funds before the project was completed, my question to the minister is this: what have you learned from this, and how are you going to do it differently from here on?

9:10

**Mr. Boutilier:** Quite clearly, we predetermine who is actually going to have the ownership of the asset. I believe that's very important. We have a close working relationship, as I mentioned, with our municipal associations and also have the compliance criteria, which is a real internal check and balance for us. Clearly, determining at the forefront of a project the ownership would without question have avoided this recommendation by the Auditor General.

**Mr. Shariff:** So you're reassuring us that you have changed the mechanism of assessments before you disburse any funds.

**Mr. Boutilier:** Based on the Auditor General's report, 100 per cent.

**Mr. Shariff:** So my second question is, then, to the Auditor General. Given the federal scandal that's going on, I'm just wondering if the Auditor can throw any light. Do we have any similar problems in this province?

**Mr. Dunn:** I'm going to interpret that what you mean is around the sponsorship scandal.

**Mr. Shariff:** That's right.

**Mr. Dunn:** On that sort of thing and improper payments made to related parties, I certainly want to assure this committee that should we become aware of anything which we believe to be inappropriate, unreasonable, unsupported, we would make it clear in our annual report, and we'd report it to you. No, we have not become aware of any matters of the size, significance, sensitivity that have been reported at the federal Auditor General level.

**Mr. Shariff:** I appreciate that remark.

I'll just end with a comment on the 2002-2003 annual report, which makes reference to municipal financial accountability. There's a chart therein that indicates that 98 per cent of Alberta municipalities met the financial accountability criteria in a given year. I believe that that stems from some excellent work that has happened both at your level and at the government level.

Thank you.

**The Chair:** Ms Blakeman.

**Ms Blakeman:** Thanks very much. Mr. Minister, there's been some discussion publicly and in the House recently about expenses for ministers, so I'd be remiss if I didn't ask you while I had you in front of us in Public Accounts: are you willing to provide copies of receipts of your travel expenses out of province along with an itinerary of the purpose of the meetings that you held, with the number of people that were attending them?

**Mr. Boutilier:** Without question.

**Ms Blakeman:** Excuse me. For the year under question here.

**Mr. Boutilier:** For this fiscal year I want to commence by saying that prior to any trip that was made by this ministry, advance notice was publicly delivered to everyone within this Legislature and to the media. In terms of the associated costs as well as the purpose of the trip, that is of public record as we speak, right now, in answer to your question.

**The Chair:** Thank you.

Ms Blakeman, before you continue with your second question, I believe Mr. Dunn has something to add.

**Mr. Dunn:** May I just supplement that? Also, back to Mr. Shariff's earlier question, we did conduct a special examination last year on MLA expenses and ministry expenses. That's contained in the last section of our annual report, starting at page 289. Certainly, if anybody has not read it, you should read that section.

In selecting who to look at, in order that we could not be seen to be picking and choosing, we selected every minister, so we looked at all 24 ministries, including this minister. We looked at each minister, and we looked at a representative sample of members from the House in all parties. In response to that, not to go on to a different section of our annual report but in response to that, I've received two acknowledgments. One was from the Legislative Assembly Office indicating that you as MLAs have received new guidance, enhanced guidance regarding recording your expenses. I've also received a copy of correspondence from the Speaker of the House directed, I think, to each member and minister requesting that their expense reports be submitted on a monthly basis.

Now, whether or not that has impact, we will certainly be looking at that. So just to assure this committee and this minister and ministry, it is my standard that each year we will look at a selected

sample of ministry and minister expense reports, deputy minister expense reports, and certain other significant disbursements. We'll be doing that.

In fact, I meet with the deputy ministers this afternoon, and I'll be laying that out and explaining that it is a bit of a change in our office, but with the sensitivity, the heightened awareness around ethics and everything else, it's my requirement of my staff that they look at the ministers, deputy ministers, and selected other senior officials each year. We'll go through it making sure, as the media picked up, that they're supported, documented, and approved for payment appropriately.

Thank you.

**The Chair:** Thank you.

Ms Blakeman.

**Ms Blakeman:** Thank you very much for putting that in context. I appreciate it, and I appreciate the minister's response that in advance of his trips he essentially is offering an itinerary, a plan of what he expects to do and a budget of what he expects to do. My question was more specific saying: is the minister willing to provide the committee with copies of receipts with the itinerary, with the purpose of the meeting, and the number of people attending the meeting?

**Mr. Boutilier:** Clearly, in answer to your question relative to the number of people attending and the itinerary of where I go, what I do, and the purpose of the trip, that is, again, in advance of going. Second of all, I understand that there's a process in place as we speak relative to the Auditor General's comments, and certainly I intend to abide by the Auditor General's comments relative to this question.

**Ms Blakeman:** Okay.

**The Chair:** Thank you.

**Mrs. Ady:** I also would like to compliment the Auditor General for the good work that he's been doing and the protection that he gives Albertans. Especially these days the necessity of that kind of rigour becomes even more highlighted. I've often said that, you know, our integrity is worth a whole lot more than misunderstanding in this area, so I thank you for the work that you do.

The question that I have for you, actually, because you had so few new recommendations – well, first of all, it's on page 50 of your Municipal Affairs annual report. You say in there under Future Challenges that "the Ministry is identifying the high-growth areas and determining coordinated government strategies for addressing community needs." As I turn to page 249 in the Auditor's annual report, it talks about your emergency plan template. I refer directly to this at this time because I'm experiencing the Compton Petroleum application in my constituency at this time, and many of my constituents are very concerned about emergency planning if these wells were to be drilled. They are sour gas wells right within what I call the heart of my community at this point in time. It's grown around these wells. What is your department's engagement when it comes to an emergency plan for that community? Is it done strictly through the city, or do we as government have a role beyond the EUB hearings that will be held? How do you and your department engage in that emergency plan?

**Mr. Boutilier:** Every municipality in the province of Alberta is required to provide to my ministry an emergency operation plan

relative to a pending disaster. So for this particular case, Calgary-Shaw, the city of Calgary has an orchestrated plan, a very comprehensive one, that includes all agencies. We review the operation plan, but it includes, clearly, that the lead on it in Calgary is the fire and emergency services, the disaster services branch there. That plan is in place, and obviously all key stakeholders come together in terms of the implementation of that plan. They are the first responders to any pending disaster according to their plan, which I am quite comfortable with. At that point, though, provincial assistance would be brought in if it is determined and requested by the municipality.

**Mrs. Ady:** So does the municipality have to file with your department their emergency plan in these cases, and would there be somebody in your department that oversees or approves or at least scrutinizes these plans?

**Mr. Boutilier:** In fact, Ron Wolsey, our executive director of Emergency Management Alberta—he's a retired RCMP officer—has been in charge of that for the past many years and clearly has developed a very, very good reputation in working with municipal leaders. That's where it is in fact dealt with, with the executive director reporting to my ADM of public safety, Denis St. Arnaud, and then of course to my deputy.

**Mrs. Ady:** Okay. Thank you.

9:20

**The Chair:** Thank you.

Mr. Mason, followed by the hon. Member for Calgary-Bow.

**Mr. Mason:** Thank you very much, Mr. Chairman. Mr. Minister, in your annual report there is a mention on page 15 of the ministry participating in the provincial water contingency plan. I wonder if you could tell the committee what the ministry's role in that was and what issues the ministry identified as being of concern to Alberta municipalities.

**Mr. Boutilier:** I think it's a fair comment that water is considered perhaps the most undervalued resource that we have in this province. Clearly, the key component for my ministry is in the issue of the Safety Codes Council, ensuring that the water treatment plants, the regulations that are being implemented not by my ministry but, in fact, by the Environment ministry are brought up to code.

As you know, in 2006 new regulations are coming in to Alberta municipalities, and the message that I'm hearing back from municipalities is the financial burden of these new regulations in terms of upgrading an already excellent standard across Canada that the province of Alberta has. But Alberta and my ministry and, clearly, the Ministry of Environment have an attitude that we can always do better, and that's the approach that has been taken regarding sustainable communities relative to this important what I call commodity which we truly do value, that being safe drinking water.

**Mr. Mason:** You've anticipated my supplementary question, which is whether or not municipalities have the resources necessary to meet provincial regulations with respect to their drinking water and their waste water. If there are some financial choke points in implementing those standards across the province, then what does the ministry plan to do about those?

**Mr. Boutilier:** Essentially, safe drinking water is a responsibility within the particular municipal area in terms of the safety standards that are established by the province. Municipalities across this

province are meeting those standards, and they will, I've been assured, meet the new standards based on the enhanced regulations that are coming in from the Ministry of Environment. So we have a close partnership with the Ministry of Environment. I would like to say, though, that additional resources coming from other sectors and stakeholders, such as other ministries, would be welcome news to municipalities, and that's something I certainly did share with the Minister of Environment as he brought forward these regulations.

**Mr. Mason:** Can't you sort that out in the budget process?

**Mr. Boutilier:** We always sort everything out during the budget process.

**The Chair:** Thank you.

Ms DeLong, followed by Ms Blakeman.

**Ms DeLong:** Thank you very much. If we go to the ministry's annual report and the Auditor's report at the end of it, on page 69 it talks about exceptions to the generally accepted accounting principles. What I was interested in is that there are the DAOs and there's the Safety Codes Council, and their books are not included in the ministry's books. I do notice that they are self-sustaining. I just wondered whether this is an issue that you're going to be dealing with, or will you be leaving them as separate books, which the Auditor commented upon?

**Mr. Boutilier:** Thank you to the hon. member. The Department of Finance has indicated that it will prepare a work plan to progress this year and into the next year, and the government has proposed a new accounting policy to solve this matter. Municipal Affairs will follow the new policy once it is approved, but I would like to say that the delegated administrative authorities, the DAOs, and the Safety Codes Council are both accountable to and controlled by my ministry, and therefore they should form part of the ministry's reporting entities, I believe. That's certainly what we are working towards.

**Ms DeLong:** Thanks very much.

**The Chair:** Ms Blakeman, followed by Mr. Cao.

**Ms Blakeman:** Thanks very much. Under the department's responsibility for safety codes I'm wondering if there was any work done during this fiscal year under examination around building codes or safety codes specific to condominiums. We've experienced, it seems, several large fires at condominiums every year. Last year there was one in Calgary. Recently there was another one here in Edmonton. It seems to be problematic. I notice on page 15 that you've looked at secondary suites, but where are we with building codes and safety codes specific to condominiums?

**Mr. Boutilier:** Specific to condominiums over the past year, as you know and you've highlighted, here in the city of Edmonton some terrible accidents have taken place, and I think the key operative word is "accident." Within the fire commissioner's office, which is under my responsibility as well, I can say that the national code, in terms of how we're reviewing it with public consultation, is an ongoing process.

But we do believe that before it becomes an accident, what we want to do is be proactive; we want to be preventative. For instance, during the holiday season we take time to talk about the number of instances where burning candles, in fact, a large majority of the time result in a condominium fire. So what we try to do is create that

awareness for the public. We don't want to see accidents happen. The main focus is that of creating an awareness and an education to our citizens, and I might add that we've had success. On the particular example regarding condominiums, we can only continue to work with that awareness and the preventative nature of education to prevent that type of thing from happening. We'll continue to do that.

There is a national code review, I believe, taking place right now. Certainly, Alberta is held in high esteem relative to our codes, but with that we're actually consulting with our public and stakeholders right now. Clearly, the end result is that there is never any of the type of situation that was described by yourself with a condominium or home or institution. Ideally, if everyone is careful, there will be no accidents. But the key is: how do we avoid accidents? Clearly, I think it's through the public awareness and education programs that we do have in place through the fire commissioner's office.

**Ms Blakeman:** Okay. I was talking more specifically about building codes and safety codes in place. I appreciate your educational mandate, but in one case – I think it was Fulton Place here in Edmonton, a condominium that burned several years ago – the owners are now in court because there was no second firewall. It was overlooked somehow. So that's an issue about building codes and safety codes, not about education. No amount of education could have prevented that. That was what my question was about.

**Mr. Boutilier:** I don't have the details of your specific example.

**Ms Blakeman:** It's one example. There are others.

**Mr. Boutilier:** Clearly, though, regarding firewall situations that are required, you know, the province of Alberta meets the standard for the national safety code relative to firewalls, and I can assure you that it is my anticipation, through inspections, that those codes are fulfilled and complied with in preventing something happening. With the situation that you've mentioned, I'm sorry I can't provide any detail, and I don't know if my deputy can.

**Ms Blakeman:** It's just an example.

**Mr. Boutilier:** Okay.

**The Chair:** Okay. Thank you very much.  
Mr. Cao, followed by Mr. Mason.

**Mr. Cao:** Thank you, Mr. Chair. Thank you, Auditor General and Minister and staff, for coming here to talk to us, to present to us your performance and recommendations for improvement. My question today is regarding property assessment. It's in the ministry report at page 55 and in the Auditor's report at page 247. I don't know if the question could be answered by the minister or by the Auditor General or both. The situation is about the property value assessment tax base in Calgary, particularly in my area. Businesses came to me saying that they rent the property from the owner, and every time they get an increase in the rent, that increase, again, is re-evaluated for the next time. Then the tax increases again, and then it keeps spiralling up, and the businesses cannot afford that because they just use the rent for the next assessment, so it keeps increasingly spiralling. My question is: is there any mechanism to ensure that that won't spiral up out of control?

9:30

**Mr. Boutilier:** Thank you to the hon. Member for Calgary-Fort.

The issue of assessment is widely misunderstood by Albertans in terms of assessed values going up, just like the issue of the tax rate that is levied by the municipal council, in this case Calgary. You know, assessments are going up. One would think that if assessments are going up and there's not a demand for increased service, the mill rate would go down in order to generate the dollars that are required to perform the duties of the municipality. In Calgary today, of course, with the pressures that are being faced in Calgary, the municipal council is requiring additional money for some of the pressures that they are facing relative to growth within the community.

From my past history any time there is an assessed value that goes up, there are two ways that it can in fact be done. One is simply because the value of the building that's owned by the shopping mall if, in fact, this was the example where your particular citizen is renting – if the assessed value of the shopping mall goes up, then that increased value is shared by each of the tenants. So in this example the tenant that you know would bear some of that cost because it means that the shopping mall owner has to pay an increased levy to the city of Calgary. Consequently, I believe it's every individual tenant that would come forward and contribute a portion of the increased value.

Now, there's another mechanism that has been used in shopping malls, just from my municipal experience. In actual fact, it's where the tenant provides their gross revenue during the course of the year, so that gross revenue – i.e., how well they're doing in their business – would determine how much they would contribute towards the actual taxation to the shopping mall owner relative to the rent they pay. That seems to make a lot of sense because of the fact that if your gross revenues are going up, then obviously that means your bottom line is improving. Consequently, you're more able to be able to prepare to burden some of the assessed value increases.

**Mr. Cao:** Okay. Thank you.

**Mr. Dunn:** Maybe I'll try to supplement this. If your question, Mr. Cao, is aimed at: is there a fair-value methodology there by which you can assess the value of a property? Clearly, we're talking about a commercial or industrial property. Yes. Picking up on what the minister has just said, regardless of whether you take the property tax assessment and parcel it out on a per square-footage basis or on a gross-revenue basis, that isn't the point. It's: what is the value of the property? What is the value of the property today?

The value is determined based upon what it can earn. Therefore, if there is a revision in rents upwards in a standard commercial property, then it goes without saying that the property is worth more. It can earn more return; therefore it's worth more. So back to the property tax assessment. If it is determined that the property has a greater earning value and therefore has a higher inherent value, therefore up will go its property tax assessment, its fair value, which will then result in a greater tax base.

To the extent of the individual you may be focusing on there, that individual gets it twice. He gets a property tax increase because he's paying more rent.

**Mr. Cao:** Right.

**Mr. Dunn:** So if you say, "Is it a circular argument?" yes, it is. If your rent through your negotiations, your standard lease, is increased, it then says that the property underlying that rent is worth more, and up will go the property taxes. It will be allocated to you, and you'll pay an increase in the property tax at the same time as an increase in rent. That's the standard methodology for evaluation of real estate property.



**Mr. Cao:** Thank you for the explanation. Yes, that's the way it's been done, but my question is: as far as accountability and the work there, how can we make that thing more accurate, equitable, and also in terms of preventing it from spiralling? That's my question.

**Mr. Boutilier:** Perhaps I could add this bit of advice that you may want to relay to your particular citizen. When I was mayor, I never ever appealed my assessment on my home, but I had every right, like anyone else, to do that. At the time my wife and I hadn't started a family. We had curtains in our basement. The assessor was not able to get in, saw curtains on the basement – and that's when I was mayor for the seven years – and assumed that I had a developed basement. Well, I had a hockey net and a puck in the basement on the concrete floor. I realized seven years later that I'd been overassessed significantly. Since that time, I make it a code of practice to appeal my taxes every time I believe there is a departure from what I think is reasonable and fair.

I strongly encourage your citizen, if he or she does not think it's reasonable or is fair, to set up an appeal of his assessment.

**Mr. Cao:** Thank you.

**The Chair:** Mr. Mason, followed by Mr. Ouellette.

**Mr. Mason:** Thanks very much, Mr. Chairman. In the Future Challenges section of your annual report, Mr. Minister, on page 50 there is the question of sustainable municipal funding. I guess my question to you is whether or not you feel that funding for municipalities at the present time is sustainable. You know, that word is used so broadly by this government to mean so many things. It's like "good morning." What does good morning mean? It's good morning or hello or get lost. It could mean all kinds of things. So let's just say: is municipal funding sufficient for the present and future needs of Alberta municipalities, and if not, what are your plans to deal with that?

**Mr. Boutilier:** That's a very good question. That's exactly the discussion that we've been having with our federal counterparts as well in terms of the Prime Minister talking about a new deal. I'm encouraged by his comments even though constitutionally, as we all are familiar with, municipalities are the creation of a province.

We welcome the federal government coming to the table. We meet with our municipal leaders. We have a seat ready for the federal government when it comes to infrastructure, affordable housing, or many other issues. We welcome it because we believe that citizens are not asking the question: what level? And I don't even say "level" of government any more. I'd ask you all to refer to it as an order of government. We are equal. We don't have levels of taxpayers, so why would we have levels of governments?

Our order of government says that in order to become sustainable – our roles, responsibilities, and resources committee is where we were looking at that. Let me just be more specific. One of the products of the three Rs to date in helping sustainable cities has been our ME First. That's our municipal energy program where we're providing \$100 million of interest-free money to make municipal buildings more energy efficient, be it a hockey arena or be it a swimming pool or wherever the local authority believes it can be best used. I say that it makes good sense and cents because ultimately the saving of the operations in terms of sustaining cities – the operation is completed by the saving of the actual upgrades in terms of energy efficiency.

Two other areas, though, are that of police and ambulance. In terms of sustainability for policing, with growing communities there

are a tremendous number of questions being asked by municipalities on how we are going to sustain the type of growth in cities and how we are dealing with it from an emergency perspective such as police.

I want to say that there's an MLA committee report that has been submitted to the Solicitor General. I've seen the report, and I do know that right now I'm optimistic that in the upcoming budget, sustainability, as in the question you're asking, will be reflected in assisting in some of those municipal services such as policing.

9:40

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

If I can just follow up on the ME First fund. Is it \$100 million?

**Mr. Boutilier:** Yes.

**Mr. Mason:** My understanding is that the \$100 million was surplus money from the Alberta Municipal Financing Corporation and therefore had been contributed by borrowings of the municipalities themselves. It was taken and now is being used as a fund to be lent back to municipalities on a one-time basis. So, in other words, when they borrow the money and then they pay it back, the money then will not remain in that fund but will flow back into general revenues. So the fund will gradually be liquidated. My question is: why doesn't the ministry consider making that a permanent revolving fund so that when the monies are paid back by the municipality through the savings that they realize, it replenishes the fund so that it becomes a permanent and ongoing fund?

**Mr. Boutilier:** I appreciate the comment relative to that. In fact, if you could have been party to the discussions with the Minister of Finance in getting the \$100 million from the Alberta finance corporation . . .

**Mr. Mason:** Just invite me to the meeting.

**Mr. Boutilier:** I think it was at a hockey rink where the meeting took place.

**Ms Blakeman:** He likes hockey rinks.

**Mr. Boutilier:** I'm sure he does. In fact, I'm certain he does.

We are covering the interest. My ministry is picking up the interest of I'm estimating between \$4 million and \$5 million a year basically so that municipalities don't face that financial burden.

The Alberta finance corporation and the new name that it has – we, of course, have given back money to municipalities. The city of Edmonton, of course, was just one example benefiting from that in the past. Clearly, it's the view of municipalities that it's their fund. Now, obviously, under law the fund is, you know, controlled by the Minister of Finance and the Alberta government.

So we want to ensure that from ME First we provide the opportunity for them, but we also want to allow and protect the fact that this Alberta finance corporation fund is there to provide the lowest possible money for municipalities for debenturing, no matter what their project is. So whatever we take out of the fund to help municipalities – that's why I'm paying the interest on it. We want to ensure that that fund is there to be able to benefit municipalities.

So I see the actual fund for infrastructure or buildings or whatever debenture that a municipality seeks to apply for – that is without question one of the points of difference and strengths of Alberta, unlike many other provinces that do not have this type of fund.

**The Chair:** Thank you.

Mr. Ouellette.

**Mr. Ouellette:** Thank you, Mr. Chair. I'd like to thank Mr. Dunn and his whole department for all the work they do for Albertans, and I'd like to thank you, hon. minister, from my part of the province. I think everybody is very happy with you and has a lot of respect for the work that you've been doing on behalf of all the municipalities.

However, I have to disagree with one statement you made here today, and it may be the number of calls I had in the past over it. I have to disagree a little bit on how you say: respected and looked after your disaster services end of your ministry.

**Ms Blakeman:** In this fiscal year?

**Mr. Ouellette:** Last.

Anyway, a couple of simple questions for you. How much did the Alberta government pay in compensation for disaster recovery programs in '02-03?

**Mr. Boutilier:** I don't have the answer in front of me, but I'll certainly get you that answer. If someone does have the answer? Just give me a moment, if you could, Mr. Chair.

**Mr. Ouellette:** I may as well add my other question to it too. I'd also with that, then, like to know how many claims were approved.

**Mr. Boutilier:** Okay. Just give me a second here. I have the detail, hon. member.

The amount in terms of disaster claims accruals was \$7.423 million, largely as a result of the forest fires in north-central Alberta, the flooding in southern and west-central Alberta, and expensing disaster claims in the fiscal year of the disaster general results, and then estimated disaster claims being accrued at the end of the year. This past – well, we're talking about fiscal year '02-03. I was going to talk about a tornado, but that was in another fiscal year. Not that tornadoes respect fiscal years.

**Mr. Ouellette:** Hope we never ever have to worry about them again. How many claims were approved?

**Mr. Boutilier:** Two thousand two hundred and seventy-four. They were in the fiscal year for June flooding and 45 for August flooding, and a few municipalities were compensated for evacuation costs. Again, sorry; I used this past summer when I visited Grimshaw, where there was a tornado. Well, Environment Canada didn't call it a tornado, but there was a swoop that went through the town of Grimshaw. If it looks like a duck, quacks like a duck, I think it's a tornado. A few municipalities were compensated for their costs. We might say that programs that exceeded \$3 million were also eligible for federal funding as well.

**Mr. Ouellette:** Thank you.

**The Chair:** Thank you very much, hon. minister.

At this time that concludes this portion of the meeting. This is our first meeting of the year, so we have some organizational issues to deal with. On behalf of all members of the committee I would like to express our gratitude to you and to your staff for your time and attention this morning and also to the Auditor General and his staff.

Does the Auditor General have any comments to add at this time?

**Mr. Dunn:** I'm just going to make a comment about some material that was sent to me and is going to be handed out to the committee members, if I may, at this point.

**The Chair:** You certainly may.

**Mr. Dunn:** You'll see some correspondence that was written to me by the CICA regarding some material that has just recently been completed. Now, some of you might be aware of it if you've attended public accounts committee meetings. It was written by the Institute of Chartered Accountants, 20 questions about government financial reporting, federal, provincial, and territorial governments.

This committee, the Alberta Public Accounts Committee, is in my opinion more mature than many other public accounts committees from what I've heard from my counterparts across other jurisdictions. You may find the first five chapters of this relatively simple to go through. Starting at about chapter 6, it will start to compare public-sector financial reporting to business financial reporting.

The reason I'm taking a bit of time with this is that this is going to be picked up by the media, and the media are going to start to get a bit excited about this. The federal Auditor General in her last year's comments on the public accounts of the government of Canada made a great deal about the new federal government accounting system, called the accrual accounting system. Alberta has been following this for over a decade, and in this ministry's financial statements you'll see capital assets being recorded although we had comments about the level at which they were recorded. The federal government has just started to record capital assets. Issues that the province of Alberta dealt with a decade ago are just becoming issues at the federal government level.

This helps to explain some of those matters, but I'm skeptical that the media is going to pick it up right, and they're going to mix up the message. That's why I thought it would be beneficial for you to get a copy of this. You can glance through it.

If you wish to have a question and answer period, I'm certainly willing to host a lunch-hour Q and A session if people would like to do that, and maybe further to Mr. Shariff's question we'll position the types of work that our office does vis-à-vis the federal Auditor General, the type of financial reporting the province of Alberta does vis-à-vis the federal government's financial reporting to help you keep it in perspective.

So that's why I raise this with you and bring it to your attention. Thank you.

**Mr. Boutilier:** Mr. Chair, as I conclude, I just want to thank the Auditor General, his staff, and members of the committee. I certainly welcome the recommendations on where we have acted, and I appreciate the positive comments.

I just leave you with an invitation. The Auditor General mentioned our new emergency operations centre. Any time members would like – it is somewhat of an undisclosed location – it would be my pleasure to show you something that both the federal government and the American ambassador visited, indicating that he's never seen any other state have such an incredible emergency operations centre. It would be my pleasure to tour you through the facility as the Auditor General has witnessed.

Thank you.

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

Mr. Cao.

9:50

**Mr. Cao:** For the Auditor General. Mr. Minister, you can miss this question.

**Mr. Boutilier:** Am I allowed to go? [interjections] Thank you for permission.

**Mr. Cao:** I just have a question. I read a piece of news. They said that the Public Accounts Committee in Alberta is not on par with all the other ones. Did you come across that piece of news?

**Mr. Dunn:** I haven't seen that written anywhere. I'm not sure what article or periodical you're referring to.

**Mr. Cao:** Okay. Thank you.

**The Chair:** Okay.

Thank you very much. Mr. Dunn, you and your staff are free to go if you would like. We have matters to discuss in the time available. Or you can remain if you wish.

**Mr. Dunn:** Unless there are further questions, we will leave.

This article was just put in front of me here. Do you wish me to comment on it?

**Mr. Mason:** I haven't seen the article. I'd like to get your comments, but I'd like to have a chance to read the article.

**Mr. Dunn:** Okay. Then I'll return it. Clearly, I am willing to discuss the conduct of this Public Accounts Committee, and I'm willing to discuss what I've heard about other public accounts committee meetings: frequency, approach, knowledge. All of those sorts of attributes I'm willing to discuss with you, and again I would be willing to do that in a question and answer period. We'll host that in our office if you're wishing to have that.

**Mr. Mason:** Perfect. Sure.

**Mr. Dunn:** Okay.

I don't share those comments.

**The Chair:** I'll add that to our agenda: the Auditor General's invitation regarding the Public Sector Accounting Board.

Now, before we get to the matter that was raised earlier, the organization of committee meetings, the legislative authority of this committee is through Standing Order 50: "Public accounts, when tabled, stand referred to the Public Accounts Committee."

Just a reminder to all members that we only meet 8:30 to 10 on Wednesdays when the House is in session. We generally steer away from policy questions, but the chair has in the past been very lenient. There have been some policy questions asked by all members not specific to the fiscal year which we are addressing. The number and order of questions by members: hon. members have asked me about this. It's one question, one supplementary question, and it alternates between government and opposition members.

Now, in regard to the schedule for a review of the 2002-2003 ministry annual reports and the Auditor General's annual report, included in the agenda you see a package. On February 19 the hon. Premier offered to appear before the Public Accounts Committee. He has been invited by letter by the chair, and copies went to all members.

Now, I would encourage a discussion on this. It was brought up at the start of the meeting by Mr. Lukaszuk, and there is a speaking list. The speaking list now has Ms Blakeman on it. She is going to be recognized by the chair, followed by Mr. Shariff, Mr. Cao, Mr. Lukaszuk, and Mr. Mason.

**Ms Blakeman:** May I proceed?

**The Chair:** You go right ahead.

**Ms Blakeman:** Thank you, Mr. Chairperson. It seems to me that there are two issues that were raised by the Member for Edmonton-Castle Downs at the commencement of the meeting today. One is around whether the chairperson of this committee has the authority to send out correspondence without being specifically directed to do so by the committee. The second is the matter that he quoted extensively from the previous year's minutes, which he seems to wish to carry over to today.

We can look at the precedents of the authority of the chairperson of this or other Legislative Assembly committees; in other words, all-party committees. Certainly the two others that I'm familiar with – I also sit on the Legislative Offices Committee. Does anybody else here sit on Legislative Offices? Maybe not. I read the minutes of the Members' Services Committee as well. There's no question in my mind that those committees do not direct their chairperson for each and every piece of correspondence that goes out. So I don't think that it's necessary for this committee to be insisting that every piece of correspondence is vetted or directed specifically by the committee.

We have a chairperson and a committee clerk assigned to us to get on with the business of organizing who will appear before this committee. So I don't see any authority – I've checked *Beauchesne*. What I was seeing in *Beauchesne* is: who is customarily the chair? Is it a member of the opposition? That's *Beauchesne* 781. There are some other ones around the public accounts being referred to the committee.

The second part is the matter carried forward from last year. What I didn't hear the Member for Edmonton-Castle Downs quote is on page PA-46 from March 19 in which the vice-chair of the committee points out that

at our first Public Accounts Committee I had proposed a motion asking the chair to rescind two letters, one addressed to the President of Executive Council and one to the members of Executive Council. Since that motion was approved, we did go back and we checked again on what had transpired. I learned from the clerk of the committee that the letter was written to the President of Executive Council based on a request from his office that an invite come in writing. So I'm very apologetic to the chair for having brought that particular aspect out. At that time I didn't have the information. So I'd like to move . . .

He makes a motion to rescind his motion, and it's seconded by the Member for Calgary-Shaw.

He also makes quite a point later in the minutes on page PA-47 that he wasn't raising a point of nonconfidence in the chair. He thinks that the chair is doing a good job and has full confidence in his ability to do so.

So we've dealt with this matter. Why does it keep coming up? The committee chair and the clerk are to organize the appearances before this committee of members of Executive Council, and that includes the President of Executive Council. So why are we now having this come up again?

Part of the conflict last year was that the vice-chair had not been immediately involved or informed of what was being done, and that seems to have been addressed. There seems to be regular correspondence between the chair and the vice-chair and the committee clerk now. So I'm assuming that that's just not an issue.

I don't understand why this issue keeps coming up. We're here to do this job. Someone has been assigned by the Legislative Assembly. On the very first day we were in the Assembly, all of the members of the committee were voted upon by the Members of the Legislative Assembly. So the membership and the chairmanship of this committee has been settled by the Legislative Assembly. I don't understand why we keep coming back to this matter. It's been resolved, and it was resolved last year.

Thank you.

**The Chair:** Thank you, Ms Blakeman.  
Mr. Shariff.

**Mr. Shariff:** Thank you, Mr. Chairman. I just want to add some pieces of information for clarification and also highlight the practice that exists in Alberta. For the information of the committee on Monday after question period the chairman did ask me if I had seen the letter. I had not seen the letter at that stage, but he described the contents of the letter, and I indicated to him that I had no difficulty with the Premier appearing before this committee. He has done this in the past, and I'm pretty sure that he will respond to that.

I think the practice that has existed in Alberta all along has been that the chair through the clerk consults with the deputy chair before we finalize all the lists of ministers that appear, and this has worked very well. Therefore, we have never had conflict or a problem about any minister appearing before this committee. That practice has worked well for us, rather than coming to the first meeting and arguing about which minister appears before us first or second or third. So that practice has worked well.

What I'd like to do is caution all the members here. Let's not mix up the process with the objective of this committee. Let's not stifle communication from this committee to others. The issue that Mr. Lukaszuk is raising is a process issue and not the content issue. I think he has other reasons which, I believe, he did not mention earlier on but that stem from some articles that appeared in the paper and maybe some remarks that the chair made about tabling. So maybe we need to seek some clarification from him now that he has the opportunity to come back on the speaking list.

But I really caution everyone that we need to think with calm heads and not affect the objective of this committee by the issue of process that we have before us. Thank you.

10:00

**The Chair:** Mr. Cao.

**Mr. Cao:** Thank you, Mr. Chairman. I echo the deputy chair on the subject matter. To me the process is working well. The only thing that I am concerned about is that this committee is a Legislature committee and is nonpartisan. But when I hear things in the Legislature referring to this and especially you, our chair, bringing it up in the political context, that makes me nervous. Okay? I think that if we can refrain from it – this is a nonpartisan Legislature committee. When we question any government executives, the Premier, and ministers, fine; I go along. But when we bring it into the public matters – and then the article here that I read about. I think that if we're not careful, we'll get into the credibility of our committee – that's what I'm worried about – and using it for political purposes, which is not very healthy.

**The Chair:** Thank you.  
Mr. Lukaszuk.

**Mr. Lukaszuk:** Thank you, Mr. Chairman. I appreciate the comment raised by the Member for Edmonton-Centre, because indeed I want to echo her concerns that this is not a matter that I'm bringing here to by any chance question the credibility or the confidence . . .

**The Chair:** Could I be excused for a second, please?

**Mr. Lukaszuk:** Sure.

**The Chair:** Could I please have a motion to extend the meeting past 10 o'clock? We had approved the agenda from 8:30 to 10.

**Mrs. Ady:** I make a motion to extend the meeting beyond 10 o'clock.

**The Chair:** Okay. Thank you very much.  
Go ahead. I'm sorry.

**Mr. Lukaszuk:** Oh, that's fine.

As I said earlier, I want to assure the members of this committee and particularly you, Mr. Chair, that this is not a matter that in any way touches any possible lack of confidence or credibility in you as a chair of this committee. Nothing at all relevant to that. Nor do I have any objections relevant to what you have written in the two letters in question, being the one of 2003 and the one of 2004.

Where I do have concerns, particularly in view of what is happening in this country right now – as you know, Public Accounts Committees have now been shown to be very important committees that are perhaps serving a role of satisfying all of our constituents out there that this government and the ministers and Executive Council are doing a good and transparent job and using public dollars prudently. So we as a Public Accounts Committee have to be very cautious that our actions are not discredited by our own doing.

Now, when I noted, Mr. Chairman, that on February 23 you tabled in the portion of the sitting of the Legislature known as Tabling Returns and Reports a letter dated January 27, 2003, last year's letter that you sent to the Premier, I was concerned. I understand that you have written a subsequent letter to the Premier dated I believe January or February 2004.

When I learned that you had only consulted with the deputy chair about having sent that letter, that's where my concerns arise, because it is my understanding that if any such letters relevant to scheduling and requesting appearances before this committee are to take place, you would consult with the deputy chair and the clerk, agree upon it, and then extend the invitation and not simply advise the deputy chair and the members of the committee on having done so. That is my concern.

**The Chair:** Okay. If I could make this brief comment before we get to Mr. Mason. You talked a little bit earlier about credibility. Well, the Premier said in the House that he had never been invited to the Public Accounts Committee, and the purpose of the tabling of that letter last week was to put on the record of the Legislative Assembly that last year the Premier was invited to appear before this committee.

I would also like the hon. member to have a look at *Beauchesne* 780: "It is generally understood that the power to call a meeting of a committee for the purposes of organization does not rest with every individual member of the committee."

Mr. Mason.

**Mr. Mason:** Thank you very much, Mr. Chairman. Well, you know, I appreciate this discussion. I certainly appreciated the comments of the vice-chairman of the committee because I think it helped put it in perspective. You know, as Mr. Cao said, it's a nonpartisan committee. I mean, that's overstating it, I think, a little bit. We work in a partisan system, but I think there are ways that we can work where it's not just everybody trying to work for their own party's interest, and there is a requirement, I think, to work for the public good. But we can't be naive about some of the politics.

So, you know, one of the traditions is that these committees are chaired by a member of the opposition for precisely the reason that it's the opposition's job to have a more critical look at the government and particularly with respect to its finances. I don't think that that's an illegitimate function, and we just have to find ways to keep

it in bounds, I guess, and keep the partisanship in bounds but never fool ourselves about how the committee works.

I think that if the vice-chairman is consulted on these matters and the organization of the committee, that's well within the realm of the committee chairmanship that I have seen. I served on one other committee, which was an all-party committee dealing with the FOIP legislation, and it was a bit of a troubled committee, I must say. The chairman makes our chairman look like an obedient puppy. I mean, there's an important point there to be made about holding people to some objective standards, you know, and not having one standard for a government chair and one for an opposition chair.

So that's all I'll say on that.

**The Chair:** Well, yes, I had a response to Mr. Mason, but you go ahead.

**Ms DeLong:** No. You go ahead first.

**The Chair:** Well, if you were to do a brief survey of parliaments in the Commonwealth, all of them would have an elected member from the opposition as chair. You know, this may be considered odd by some, but given that governments tend to enjoy the perks of having a majority in parliament including holding on to the chairs of all other legislative committees, the Public Accounts Committee differs. I'm now going to quote to you from page 728 of *Erskine May*, 20th edition.

The committee does not seek to concern itself with policy; its interest is in whether policy is carried out efficiently, effectively and economically. Its main functions are to see that public moneys are applied for the purposes prescribed by Parliament, that extravagance and waste are minimised and that sound financial practices are encouraged in estimating and contracting, and in administration generally.

But in practice it is the duty, it is the obligation of the chair of Public Accounts to ensure the smooth and effective running of the committee. In a survey of 70 branches of the Commonwealth Parliamentary Association the agenda of most public accounts committees was determined solely by the chairperson.

Thank you.

10:10

**Mr. Mason:** Mr. Chairman, I hate to run, but I have to try and keep the Finance minister accountable.

**The Chair:** Yes. Okay.

Ms DeLong and Ms Blakeman.

**Ms DeLong:** Thank you. You know, we do meet early in the morning on Wednesdays after many of us are sitting very late at night, so this tends to be not too popular a committee to be on because of that. One thing that I would like to make a point of is that, first of all, I do find this committee very central to the work that I am doing as a government member. Okay? It isn't a matter of the opposition being the ones who are really keen about having a financially, fiscally responsible government in place. This is a responsibility of every member of this government. So I take very seriously the opportunity to be on Public Accounts.

I am a little concerned. I am referring to something that's quoted in a newspaper article, so you have to wonder whether or not it's correct, but I am concerned when the chairman of our committee is purported to consider that Public Accounts is not useful. I personally find that it's an opportunity to make sure that each of our ministries is responsible. So I would just like some sort of reassurance from the chairman that this is a committee that is very useful to Alberta.

**The Chair:** Well, first off, about the survey that you're referring to in that article, as chairperson I responded in August of 2002 to that survey. I circulated that response in the Assembly and to each member of this committee. I copied you a response, and I did say in that response that my comments were

reflective of my professional and objective opinion of the Standing Committee on Public Accounts in my capacity as a Member of the Legislative Assembly and as Chair of the Committee.

I also went on to say that "these comments may not necessarily be reflective of the opinions of other members on the Committee or of the government or [of the members] of the opposition." This has been in circulation for two years. I tabled this document in the Assembly.

Can we make this committee more useful? We certainly can. We can change Standing Orders to have meetings, for instance, outside session. We have seen after the last election an expansion of the government from 16 cabinet ministers to 24. Whenever we meet, so infrequently, we don't have time, as *Erskine May* tells us, to scrutinize each and every department. Should we have researchers on staff like the federal government does to comb over these annual reports before the minister appears? Should we be able to meet outside session? Of course we should. Should we be able to call witnesses?

There are many things that we can do to improve this committee. I'm on the record, and I would be very honoured to discuss with anyone on this committee the suggestions to improve this committee that I put forward over two years ago.

**Ms DeLong:** Well, it's one thing to have ways of improving the committee, but it's another to say that this committee is useless. Okay? Those are two totally different things, and I would like to think that you as chairman would have a positive enough approach to your job that you wouldn't see your job as being useless. Perhaps you were misquoted.

**The Chair:** I've just been misquoted by you. The quote I said is: the Conservative government has rendered the Public Accounts Committee useless in Alberta. We have to change Standing Orders so we can meet outside session, and we can do any number of things to hold all these new government departments accountable. That's what I meant by that.

Ms Blakeman was on the list and then Mr. Shariff.

**Ms Blakeman:** Thanks. I'm just wondering. It's now 16 or 17 minutes past our regular adjournment time. Either we could carry this discussion on another time or perhaps I can go back to the Member for Edmonton-Castle Downs and seek exactly what remedy he was seeking in bringing this issue up yet again.

We've now wandered off of his topic, whatever it was, to, you know, not speaking to the media, to not commenting on the committee. We're all members of other committees. We as elected members have other duties to our constituents. We have a number of other responsibilities. I don't think we can muzzle any one of us on this committee for any purpose, and that includes the chairperson. So if the Member for Edmonton-Castle Downs could elucidate what it was he was seeking, then we could decide whether we'll continue it now or later.

Thank you.

**Mr. Lukaszuk:** I certainly . . .

**The Chair:** We have to recognize Mr. Shariff.

**Mr. Shariff:** I just wanted to remind members – and you can make reference to the *Hansard* when it's published – of the Auditor General's remarks earlier on today about our committee and the high regard that he has for Alberta's Public Accounts Committee. Certainly, I value that way more than the quotes that the chair is referenced with, but I still once again caution members. I think we have an important task. Let's think with calm heads. I think we can move on. I believe that Mr. Lukaszuk has made his points very clear. Well, maybe he should be given another opportunity to reclarify, but I think it's about time that we move on.

**The Chair:** To finish this briefly, please, Mr. Lukaszuk.

**Mr. Lukaszuk:** For the benefit of the Member for Edmonton-Centre and to diffuse some of the inflammatory rhetoric, Mr. Chairman, I'm not seeking any resolution to this matter by way of motions or any such formal resolution. All I'm seeking is that we be more cautious in the administrative management of this committee so that we don't discredit this committee by not being so. All I'm asking of the chair in the future, if an occasion may arise, is that if he finds it necessary to alter schedules of visits of ministers or add additional ministers to consult us. Historically, it has been done and worked so well.

I appreciate that he may reference *Beauchesne* or other references when perhaps he's not required to do so, but historically that's how it's always been done in this committee, and it seemed to have worked very well. Perhaps because it works so well, the Auditor General today told us that we are one of the best, if not the best, public accounts committees in the dominion. I would hope that this reputation prevails so that the work that we do over here and the results of the work that we do are seen as credible and not discredited by comments or actions of the nature I indicated earlier.

**The Chair:** Okay. Thank you. We're going to move on.

Now, while we're still here for one more moment, the Auditor General's invitation regarding the Public Sector Accounting Board

and the report – would you like a letter to be sent? Perhaps at some time we could have a meeting with the Auditor General in regard to this.

**Ms Blakeman:** Could we look at doing this after session, or is this of such imminent value that we would need to do it prior to the adjournment of spring session? It's a lot easier to organize us outside of session, I think.

**Mr. Shariff:** You know, during session most of us are in town. If we did it on an evening, I think we might be able to get a much bigger turnout than doing it outside session. You live in Edmonton, so it may make it easy for you.

**Ms Blakeman:** Propose the dates. Let's go. Put some dates on the table then.

**Mr. Shariff:** Well, I guess the chair could.

**The Chair:** Okay. Why don't we ask the clerk, as if she doesn't have enough to do, to get some tentative dates that are appropriate for the Auditor General and his staff? We'll bring them back to the next meeting. Is that fair enough with everyone?

**Ms Blakeman:** Yeah, that's fine.

**The Chair:** Okay.

**Mrs. Jablonski:** I move that we adjourn.

**The Chair:** There has been a motion to adjourn by the hon. Member for Red Deer-North.

Thank you very much.

[The committee adjourned at 10:20 a.m.]