

Title: Wednesday, May 18, 2005 Public Accounts Committee

Date: 05/05/18

Time: 8:31 a.m.

[Mr. MacDonald in the chair]

The Chair: Good morning, everyone. I would like to call this meeting to order, please. I would like on behalf of all hon. members of the Assembly to welcome the hon. minister, Ty Lund, and his staff and the Auditor General and his staff this morning.

Please note that we had an agenda circulated on Monday, and at this time I would like to ask for approval of that agenda, please. Moved by Mr. Oberle that the agenda for the May 18, 2005, meeting be approved as distributed. All in favour? Opposed? Carried. Thank you very much.

Now, before we get to the portion of the meeting that was listed on the agenda today, I think it would be perhaps best if we briefly went around and introduced ourselves.

[The following members introduced themselves: Reverend Abbott, Ms Blakeman, Mr. Bonko, Mr. Chase, Mr. Danyluk, Mr. Johnston, Mr. Lindsay, Mr. MacDonald, Dr. Morton, Mr. Oberle, Mr. Rogers, Mr. VanderBurg, and Mr. Webber]

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

[The following departmental support staff introduced themselves: Ms Beveridge, Mr. Bhatia, Ms Bohaichuk, Ms Haas, Mr. Speakman, and Mr. Thackeray]

Mr. Lund: Ty Lund, Minister of Government Services and MLA for Rocky Mountain House, the most beautiful and diverse constituency in the province of Alberta.

Mrs. Dacyshyn: Corinne Dacyshyn, committee clerk.

The Chair: Good morning. Before the hon. Mr. Lund gives us a brief overview of the Department of Government Services for the fiscal year 2003-04, I would like to note that the minister – and we appreciated it – has taken the initiative to include an official from the Department of Restructuring and Government Efficiency to answer questions on the Alberta Corporate Service Centre for the fiscal year 2003-04, which at that time was of course included in the Government Services ministry.

So if you would like to proceed, Mr. Lund. Thank you.

Mr. Lund: Well, thank you, Mr. Chairman, and good morning, members of the committee. I also have this morning with me my executive assistant, Dawn McKay, and Larry Austman. He's the chief information technology officer.

The Ministry of Government Services has two core businesses. We support a fair and effective marketplace in Alberta by providing licensing and registry services and promoting customer protection, and we lead service improvement initiatives on behalf of the government of Alberta to improve Albertans' access to government, ensure protection of privacy, and promote advancements in information management.

Our first goal is to provide Albertans with efficient licensing and registry services. This program has experienced significant increases in service volumes. In particular, land title registrations climbed by more than 25 per cent over the last few years. We responded by streamlining processes, adding early morning shifts, implementing staff overtime, and curtailing vacations. Although these actions helped, they were not enough to keep turn-around times to the two- to three-day average that Albertans have come to

expect. For this reason, we requested and received supplementary funding to recruit and train new land title examiners beginning in 2003-04.

In June of 2003 we also launched Alberta's new driver's licence, the most secure document of its kind in North America. This initiative earned three public affairs and consumer education awards from the American Association of Motor Vehicle Administrators.

Throughout '03-04 the ministry also continued work on the renewal of our registry system. This multi-year initiative is helping us keep pace with growing demands, new initiatives, and security concerns. As well, through the access to motor vehicle information regulation we successfully resolved an audit recommendation on the use and disclosure of personal information. We also collaborated with other ministries on key government projects such as auto insurance reform, graduated drivers' licences, and the Security Management Statutes Amendment Act.

Albertans continue to benefit from very affordable licensing and registration fees, that are in most cases far below national averages. On the service side most of our licensing and registration services scored client satisfaction ratings from 73 to 87 per cent, and even though the land titles satisfaction ratings were only 65 per cent due to the turn-around situation, staff accuracy and professionalism continued to be highly rated. As well, turn-around times through much of the year were still among the best in Canada. With additional resources now in place, our turn-around times in '04-05 are back to normal, and client satisfaction has gone up 12 per cent.

Our second goal is "Informed consumers and businesses, and a high standard of marketplace conduct." To achieve this goal, we educate consumers, promote fair business practices, conduct effective enforcement initiatives, and ensure that our legislation remains responsive to current marketplace issues. Through tip sheets, news releases, and consumer alerts we work to ensure that Albertans are kept informed about emerging consumer issues, their rights, and their obligations.

Our success in educating and informing Albertans is evident in that the tip sheet page on our website had almost a quarter of a million hits in '03-04. As well, our call centre responded to more than 85,000 consumer calls. The majority of inquiries we received related to residential tenancy concerns. We responded by amending the Residential Tenancies Act to strike a stronger balance between the rights and the responsibilities of landlords and tenants.

Through diligent enforcement of the Fair Trading Act more than three-quarters of a million dollars was returned to consumers. Additionally, more than 670 charges were filed, leading to some of the most significant fines and sentences ever levied by a province. Client satisfaction for the ministry's various consumer programs ranged from 75 per cent to 81 per cent.

Our innovative approach to enforcement and consumer education was officially recognized in '03 with a consumer agency achievement award from the National Association of Consumer Agency Administrators.

8:40

Our next goal relates to Service Alberta, which ensures that Albertans' interactions with government are as convenient as possible. During '03-04 feedback from Albertans resulted in a number of service improvements including enhancing the website to make it easier to navigate, adding further service bundles such as rural development and youth-related services, implementing 16 additional transactional services, introducing a plain-language privacy policy on the website, and developing an online directory for all services offered by the government of Alberta.

Since less than half of Albertans surveyed in '02-03 were aware of Service Alberta, an awareness campaign was undertaken that

included advertising on the Internet, television, and billboards. As well, some 250,000 postcards were distributed to target user groups. These activities successfully boosted awareness. Subsequently, website visits increased from some 38,000 to 50,000 a month. Client satisfaction with access to government of Alberta information and services was at 74 per cent.

Our next goal is effective access to information and protection of privacy. In this area we made some significant legislative advancements. The Personal Information Protection Act, known as PIPA, strikes a balance between protecting the personal information of individuals while ensuring that businesses can continue to use it for responsible business purposes. To support Alberta businesses in understanding and implementing required changes, people workshops were conducted around Alberta. As well, we launched a website and provided a telephone help line.

We strengthened the Freedom of Information and Protection of Privacy Act and trained more than 640 staff, responded to some 1,500 help-desk calls, and received more than a million hits on the FOIP website. These efforts continued to be effective in ensuring that 92 per cent of FOIP requests were completed within 60 days, and 91 per cent of the requests were processed without complaint to the Information and Privacy Commissioner.

The ministry also enhanced its information management website, produced a number of new guides, and conducted training sessions to support the government's information management initiative. I'm pleased to report that Albertans' approach and tools are now being used as a model by other jurisdictions and organizations.

The Alberta Corporate Service Centre, ACSC, is another important service improvement initiative. In '03-04 ACSC realized \$3 million in quantified low-cost reductions, with a further \$1.5 million in gained efficiencies through streamlining initiatives and consolidated purchasing practices. For example, office equipment service contracts were consolidated, and further work was undertaken on the telecommunications savings initiative. In addition, service contracts with all ministries were enhanced and realigned to optimize value. As a result, ACSC exceeded its savings target by \$1 million, while their staff satisfaction rating met a target of 80 per cent.

Significant progress was also made toward the re-engineering of certain finance, payroll, and purchasing functions. Although not included in our '03-06 business plan, the Utilities Consumer Advocate was created in October of '03 to ensure that the concerns of residential, farm, and small commercial utility consumers are heard and effectively addressed. A contact centre and interactive website was launched to provide information and advice. During its first six months of operation the advocate responded to nearly 1,000 calls, letters, and e-mails from consumers concerned with elevated energy bills, billing and metering disputes, and consumer service problems. The advocate has also established an advisory council to provide grassroots consumer input on utility issues.

I'd like to conclude by touching briefly on a few of the financial highlights. As a reflection of Alberta's robust economy our revenue was several millions more than budgeted, mainly due to increased registrations of commercial and passenger vehicles and land title transactions. During the year we received an extra \$600,000 to address increased land title transaction volumes. We also increased the ACSC service agreements by some \$6.3 million to reflect volume and service level increases negotiated with ministry clients. As well, we worked with the Alberta energy and utility industry to establish a cost-recovery program for the Utilities Consumer Advocate.

Schedule 5 of the financial statements, page 93 of the annual report, provides a comprehensive picture of the overall expenditures. The total voted expenditure was slightly less than our authorized budget of some \$238 million. Statutory expenditures were higher

than usual due to land title assurance payments and the removal of an account receivable that was no longer owing.

In closing, I believe that Government Services responded to the opportunities and challenges in '03-04 in an effective manner, and I'm proud to lead a ministry that takes such pride in serving the people of Alberta. With that, we'd be happy to entertain questions and comments.

Thank you.

The Chair: Thank you very much, Mr. Lund.

Mr. Dunn, do you have any comments?

Mr. Dunn: Very briefly, Mr. Chairman, and thank you very much. For the members, if you're looking at our annual report, our comments on Government Services start on page 173 of last year's annual report.

Our systems audits at the department last year focused on following up several of prior years' recommendations. We found that the department was making satisfactory progress in improving its systems for managing the registry renewal initiative. This initiative is a project to renew the department's land titles, motor vehicles, and personal property registration systems. It is expected that it will take upwards of eight years and over \$100 million to implement this initiative. Good processes for managing the development of this initiative are critical since the initiative has significant impact on several business activities of the department and the various systems are interrelated.

We also examined the contract management system of the Alberta Corporate Service Centre, which the minister has spoken about. On page 177, under recommendation 20, we recommend that the centre improve its contracting policies, provide training for contracting staff, and monitor compliance with policies. Without adequate contracting policies and monitoring processes, awarded contracts may not be cost effective.

Those are my brief comments, Mr. Chairman. I and my staff will answer any questions directed to us.

The Chair: Thank you very much. I appreciate that.

We have a long list developing for questions. I would remind all members: please keep your questions within the Auditor General's report for 2003-04, the government of Alberta annual report, and the annual report for Government Services.

We'll start this morning with Mr. Bonko, followed by Mr. Rogers.

Mr. Bonko: Thank you, Mr. Chairman. If I can go on to page 178, it talks about contracting policies and procedures. The report says that contracting policies and procedures are outdated and insufficient. How does the ministry know that, in fact, the most suitable contract was selected in the best interests of Albertans?

Mr. Lund: That's part of what has been turned over to the new department, so I'll ask Les to answer that.

Mr. Speakman: What we've done is implement new contracting policies and procedures to ensure that all of the contracts are properly administered and awarded according to criteria that we have determined on the contracting areas.

Mr. Bonko: Okay. My second question is: given that there are, in fact, no guidelines for staff with regard to disclosure of a conflict of interest or anything that would maybe preclude them, fiduciary interests – when they were awarding some of the contracts here, there were two that were just tendered without any follow-up or any

other process. How do we know that, in fact, the staff do not have conflicts of interest?

8:50

Mr. Speakman: During the past year we have put in place processes to ensure that all of the contracts are reviewed. We have a contract review committee that reviews those. In the two instances that you cited, those were relatively small contracts, and we had a subsequent review to ensure that there was no conflict of interest with those particular contracts.

The Chair: Thank you.

Mr. Rogers, followed by Ms Blakeman.

Mr. Rogers: Thank you, Mr. Chairman, and thank you, Mr. Minister, for your presentation this morning. Mr. Minister, my question is around the part of your mandate of protecting Albertans from marketplace violations, and I'm thinking of acts such as the Fair Trading Act and some of your efforts relative to consumer protection. I'm just wondering if you could share with us some of the successes of your department over the last year in this particular area in terms of protecting Alberta's consumers from some of the unscrupulous measures that we find today?

Mr. Lund: Well, as I mentioned in my opening comments, through the efforts of our ministry, actually, we've undertaken some 1,900 investigations. Through that, there were some 671 prosecutions. Even more importantly, there was a return of in excess of \$750,000 to consumers through our efforts. So I think that between the fines and the punishment that was meted out through those sentences and the return of the money, it was very, very effective the way that we're handling those consumer issues under the Fair Trading Act.

Mr. Rogers: Thank you, Mr. Minister. Just one supplemental. We have methods today like 'phishing' – that's 'phishing' with a "p" – where people are trying to fraudulently acquire people's personal information, bank account numbers, and so on. A lot of the segment of our society that tends to get the brunt – often, these are our seniors. I'm just wondering if you entertained any programs more along the education side. I appreciate the prosecutions, and \$750,000 is significant. I suspect that there's probably an opportunity for double that. But I'm just wondering in terms of education programs, of trying to help these people stay ahead of some of these unscrupulous types.

Mr. Lund: We couldn't agree more that the education part is extremely important to try to warn people, particularly seniors, as you mentioned, of unscrupulous operators that are out there, whether it be home renovators or the preselling of funerals. The whole list goes on: investments sometimes.

What we do is try to get more people to be aware of our call centre and the Better Business Bureau, working with them so that before people make a decision to invest or buy something, in fact, they check out the salesperson to make sure that they've got a licence to sell what they're selling. We find, for example, in the travel business a lot of presold vacations, and then you find out that, well, the person was not licensed to make those kinds of transactions. So it's important that we really get the message out to the consumer that, in fact, there are avenues through our department that these people can be checked to make sure that you're dealing with legitimate salespersons.

Mr. Rogers: Thank you.

The Chair: Thank you.

Ms Blakeman, followed by Mr. Webber, please.

Ms Blakeman: Thank you. Following on the Auditor General's recommendation 20, appearing on page 177, and specific to the notes that are raised on page 178, in which he notes under Business Case Policies and Procedures that "the Centre has not developed any . . . policy and guideline for preparing, reviewing, and approving business cases," my question is: during the fiscal year that we're examining, how did the ministry identify appropriate risk?

Mr. Lund: Once again, that's the Alberta Corporate Service Centre.

Ms Blakeman: Well, at the time this happened, it was under Government Services.

Mr. Lund: But that portion of the ministry has been moved. While I have been the Minister of Government Services, I have not been responsible for that section of the ministry. That's why we have this morning with us an ADM from . . .

Ms Blakeman: I understand that. That gives us sort of current information on it, but at the time this happened, it was in the ministry, and you are responsible.

Mr. Lund: Well, Mr. Chairman, if we're going to pursue this, then I would suggest that when the Minister of RAGE is before this committee, that's the appropriate time to raise it. It's not in our ministry any longer. If this is truly to try to get information and a report, then we brought an individual that is very familiar with that portion of it.

Ms Blakeman: And was there at the time?

Mr. Lund: So we would ask that you direct your question to him.

Ms Blakeman: I'm happy to do that if they were there at the time.

The question, again, is: how did the ministry identify appropriate risk? If they had no policies or guidelines in place for preparing, reviewing, and approving business cases, how did you identify appropriate risk?

Mr. Speakman: When we were reviewing the business requirements for these particular contracts, we did evaluate risk. The Auditor General was correct in pointing out that we did not document that particular risk, so what we have done in the subsequent year is put in place very detailed policies and procedures that ensure that the risk is identified, and also we have a contract review committee that reviews every contract over \$25,000 in detail to ensure that the policies and procedures are met.

Ms Blakeman: Okay.

The Chair: The Auditor General or his staff, please proceed.

Ms White: Sir, I'd supplement. I guess what we found was that in most cases there was some analysis done, but the business case or the analysis supporting the contract was not complete. There was a need to have more comprehensive policies and guidelines on the business cases. In most of the contracts we looked at there was some analysis. For example, we noted here that the analysis could have been more comprehensive.

The Chair: Thank you.

Ms Blakeman: Okay. A supplementary question, then, around the same issue is: how did the department at that time measure value for money?

Mr. Speakman: As we were reviewing the requirements for the contract, we determined through a competitive process what the various components of the contract would cost us to execute. In making our business decision on awarding that contract, we ensured that we received the best competitive bid against our contract requirements. That's how we ensured that there was value for money. That was followed up by a subsequent review to see that all of the conditions of the contracts were met and/or executed.

The Chair: Thank you.

Mr. Webber, please, followed by Mr. Chase.

Mr. Webber: Thank you, Mr. Chair. Minister Lund, you answered my first question with respect to the revenues that were generated last year, the significant increase, so I won't ask it. If you want to find out, colleagues, you can read the *Hansard*.

I will ask my supplemental. I wanted to know whether Alberta's licensing and registration fees were still competitive with respect to other Canadian jurisdictions. Page 77 had the statement of operations; that's what I was referring to in my first question.

Mr. Lund: As I commented in my opening comments, we're very competitive. Just to give you more detail on that, our analysis in '03-04 showed that in Alberta registering a typical house purchase is 82 per cent below the national average; a driver's licence, 25 per cent below; a car registration, 22 per cent below; a collection agency licence, 32 per cent below; and a direct-selling licence is 13 per cent below. So in the whole gamut we are shaping up very well. We're below all the national averages on those licences. It's good, but as we move forward with particularly the registry renewal, we believe that we can get even more efficiencies in the system. So it's good news.

9:00

Mr. Webber: Thank you, Mr. Minister.

The Chair: Do you have an additional question at this time, Mr. Webber?

Mr. Webber: No, I don't.

The Chair: Okay. Thanks.

Mr. Chase, followed by Mr. Lindsay, please.

Mr. Chase: Thank you. My reference is page 179 of the Auditor General's report. It has to do with lack of adherence to policies and procedures. Given that five of the nine sole source contracts were not justified, what has the minister done to prevent his department from further breaking set policies and procedures?

Mr. Speakman: On that particular point, the contracts in question were again reviewed to ensure that there were no conflicts of interest. In the subsequent year we have put in place and are currently administering a set of policies and procedures along with a review committee to review all contracts to ensure that all policies and procedures are met. As individual contracts are processed, there is now a sign-off by all the parties who have processed that contract to ensure that they sign off that there are no conflicts.

Mr. Chase: Thank you. I'm again referencing page 179, this time the statement that "the Centre did not post a Notice of Proposed

Procurement in accordance with the Supply Management Branch's policies." Mr. Dunn, could you please discuss the financial risk the department incurred by not following the appropriate policies and procedures?

Mr. Dunn: Okay. I'm going to turn that over to Ronda White.

Ms White: Right. I guess the risk is that that notice should have gone out just to inform all the other individuals that may have been interested in that contract. So it could have posed the risk of not getting a fair value for the contract.

Mr. Dunn: Yeah. So just to supplement, it goes back to Ms Blakeman's question: how do you ensure value for money? If you don't follow your procedures and you don't go through the actual applications and do proper notice, how do you know you got the right respondents in to provide value for money?

So you're exactly right. That's why the policy is there. Without following that laid down policy, you're not sure if you got the right group of people responding to that opportunity, thus challenging you back to: how do you ensure value for money?

Mr. Chase: Thank you for the clarification.

The Chair: Thank you very much.

Mr. Lindsay, please, followed by Mr. Eggen.

Mr. Lindsay: Thank you, Mr. Chairman. To the minister, I guess my question is also referenced to the Auditor General's report, page 175. First of all, I guess my comment would be that I think the privatization of registries has worked very well. I'm hearing from some of my constituents concerns around the registering of stolen trailers and holiday trailers. Right now I'm just curious: has there been any progress made regarding the issuing of serial numbers for a home-built trailer? It seems to make it easy if someone were to steal a manufactured trailer and grind the serial number off and then go to registries and apply for a new serial number and get it applied. Has there been any work at all in that area, or is that a major concern?

Mr. Lund: Yes, we are working with the retailers through the auto retailers, and many of those folks also sell holiday trailers and other products. It is a huge problem. When we flip over to the auto side, one of the things that we're looking at would be to implement a process where a vehicle is registered at all times. Currently, of course, you lose track of them sometimes because they might be sitting on a lot, and they're not registered. We're not saying that they have to buy a licence for them, but we need to know where they are for the registration.

Of course, that deals back to the serial numbers. On so many products the serial number can very easily be removed and either placed on another vehicle or just simply lost. Of course, we get the registration through the licensing, but when we can't track that registration to any length, then we lose it. So we are doing some work there to see how we can tighten up that system.

I thought there might be some resistance from the Automobile Dealers Association to having the registration flow at all times, but interestingly enough they recognize that theft and the other things that are happening out there with the removal of the serial number, the tampering with it and changing it, is costing them big money through insurance. You know, any time fraud or anything happens where there's an insurance claim paid out, that costs you and me.

So it's something we're working on. It's not an easy fix.

Mr. Lindsay: A supplemental along that same line, hon. minister, in regard to registering quads and snowmobiles, the ones that are registered. I understand that if they're stolen, you can't phone a registry and find out if you're purchasing one of those vehicles. You can't phone registries and find out whether it's registered or not.

Mr. Lund: I'll have to ask one of my staff. Laurie, on snowmobiles.

Mr. Lindsay: I guess my question is: do quads and snowmobiles follow the same registration procedure as automobiles do?

Ms Beveridge: If they're being used on private land, they don't have to be registered.

Mr. Lindsay: But if they are registered, though.

Ms Beveridge: Then they would be in the system, and they would be available through the registry agency. Definitely.

Mr. Lindsay: Okay. Thank you.

Mr. Lund: Well, of course, the big problem – and it gets back into what I was talking about earlier – is that those registration tags are so easily removed. As Laurie indicated, there's a host of them out there that don't need to be licensed, so we don't even have a record of it. Those kinds of vehicles or products are very hard to keep track of, and they're sitting ducks when it comes to theft.

The Chair: Thank you.

Mr. Bonko, please, followed by Mr. Oberle.

Mr. Bonko: Thank you, Mr. Chairman. I've got page 181 that I'm looking at. We're talking about the disaster recovery plan, which is 4.2. What steps has the department taken to address the issue so that services can be recovered within a 24- to 48-hour period?

Mr. Lund: Okay. Those requirements to restore the critical registry have been implemented by the technology service provider through a new operating agreement. Our mainframe service moved down to Markham, Ontario, in December of '04, with a full disaster recovery plan. We're going to be testing that one in this second quarter of '05. We're actually going to test the plan to make sure that it works.

Mr. Bonko: Which is probably a good idea.

Could the Auditor General maybe elaborate on the potential risk of private and confidential information being disclosed if the proper recovery plan is not in place?

Mr. Dunn: If the proper recovery plan is not in place, that would be one of the risks. That's right. That's why you want to (a) have a good, comprehensive study – that's the development of the plan – and then (b) have your examination and your testing of that recovery plan. That's what you could compromise: loss of data. If the question is, "Is that a risk?" if you don't test, that is a risk.

Mr. Bonko: Oh, yes.

Mr. Lund: It might be interesting to note that in the report you probably noticed that the department made satisfactory progress on that recommendation from the Auditor General.

9:10

The Chair: Thank you.

Mr. Oberle.

Mr. Oberle: Thank you, Mr. Chairman. Mr. Minister, in the performance measures as they relate to goal 1, the satisfaction measures, just about across the board and in some cases significantly the satisfaction levels have dropped compared to previous years. What is your department doing to address what seems to be in some cases serious, particularly with land titles satisfaction?

Mr. Lund: I commented on that just briefly in my opening comments. There was a period when we fell way behind, so the former minister was able to get some additional money and hired additional staff to train to handle the turnaround to get it back down to the two to three days that Albertans expect.

They started out by reducing holidays, working on weekends, paying staff to work longer hours, and those kinds of things, but it really was such a heavy load with this robust economy and the number of transactions that were occurring that they just were unable to handle it. So through that investment of dollars we're back now. We're running back where it should be with a two- to three-day turnaround.

Mr. Oberle: Okay. So the changes that were made in this operating year, then, the additional overtime, had budgetary implications? That's why the estimates were . . .

Mr. Lund: Well, that was part of it, but there was also additional money allocated to hire more staff and train more people. There's a fair training process to handle those, to inspect the title when it comes in to make sure that everything is right. So those extra dollars were used for that as well.

Mr. Oberle: Okay. Thank you.

The Chair: Ms Blakeman, followed by Mr. Johnston.

Ms Blakeman: Thank you. I'm following on the unnumbered recommendation that appears on page 180 around requiring "Alberta Corporate Service Centre . . . staff involved in contracting to disclose annually in writing . . . [and] that they understand and agree to follow the Code of Conduct and Ethics." But I note on page 181 that "the Centre has not issued any written guidance on circumstances that would result in a conflict of interest." So we've got a situation where they sign an oath when they start, but nobody tells them what conflict of interest is, and they don't actually sign any conflict-of-interest guidelines. My question was: during the year that we're examining, how did the deputy minister, who's responsible for this, expect the staff to know and understand and follow conflict of interest if you didn't give anything to them?

Mr. Speakman: It's part of an annual process that we would reaffirm not by having them sign off on particular conflict, but they were all made aware on an annual basis of the conflict-of-interest guidelines. The recommendation that we have subsequently followed up with the Auditor General and have received satisfactory progress on is a process by which, as they are executing contracts, anybody involved in that execution will sign off that they have no conflicts.

Ms White: I'd like to supplement. The code of conduct and ethics does include some guidelines on conflict of interest, but it doesn't deal specifically with some of the circumstances that the centre's staff could encounter during the contracting process. So that was our point, that there weren't enhanced guidelines for the staff on the contracting process. There were some guidelines in place that staff

should be made aware of, and the centre had to enhance that, basically.

Mr. Dunn: I'm sorry. Ronda, the reason why is because of the types of contracts.

Ms White: Right.

Mr. Dunn: Could you explain that to the committee, the types of contracts that the centre has?

Ms White: Well, the types of contracts are the IT, the more complex contracts. So there are various circumstances that individuals could be in around those types of contracts that would not be covered by the generic conflict-of-interest guidelines set out by the government.

Ms Blakeman: Oh, I understand that. That's why I'm asking how the department expected people to know if that additional detail wasn't given. I take it, then, that if it wasn't provided to them in writing, this was done verbally. Is that what the official is telling me?

Mr. Speakman: There is an expectation that those individuals involved in the contracting process are fully conversant with the policies and the code. In our subsequent discussions with the Auditor General's office, we have mutually agreed that that sign-off by every individual in the ministry is not required. For those individuals that are administering the contracts, there is an inherent expectation that they are aware of and execute the code's requirements.

The Chair: Thank you.
Mr. Johnston.

Mr. Johnston: Thank you, Mr. Chair. In 2003 a new driver's licence was introduced to Albertans. I'd like to know why that new driver's licence was necessary.

Mr. Lund: Well, it was very important that we have a driver's licence that can't be tampered with, so that if someone were to get hold of your driver's licence, they couldn't use it as a piece of identity to actually present themselves as the individual that's on it. Now, with the new licence with the photo on it, of course, with the new technology they can scan the picture and know whether in fact it's the individual that it says it is.

Also, with the old system they weren't secure. You could make alterations on the driver's licence. This new one, actually, is produced by the Canadian mint in Ottawa. We quit printing them here in Alberta, so they go down there. They're tamper-proof. It's interesting. They are so secure that even the federal minister of homeland security indicated that it could very well be that those drivers' licences will work in place of a passport as far as the U.S. is concerned, the most secure driver's licence in North America.

Mr. Johnston: My only supplemental is: how well was the new licence received?

Mr. Lund: Well, we're still working through some difficulties because, as you can appreciate, to have them processed in Ottawa, there's a turnaround time. Currently what happens if you go in to get a new driver's licence is that you have to surrender your old one because it's against the law to own two drivers' licences. So you surrender your old one, and you get a piece of paper that's an interim. Now, the problem with the interim, of course: it doesn't

have a photo on it. So if you are trying to use it as a piece of information for identification with no photo, just a piece of paper, many places are very, very reluctant to take it. We do have a lag here where people don't have secure identification. That is causing us some difficulty. Otherwise, it's pretty well received. It took a little while for people to get used to the fact that you are going to have this little piece of paper and not have your driver's licence.

Then there was some issue around how those drivers' licences come from the mint to the individual. We're using the mail system to deliver those. We still think that's the best way of doing it. There was talk about having to go back to the registry and pick it up, but that, of course, is very inconvenient for a lot of people and probably would delay the process by two or three days.

Mr. Johnston: Thank you, Minister.

9:20

The Chair: Thank you.

Mr. Chase, followed by Mr. Rodney.

Mr. Chase: Thank you. My reference point is again page 179 of the Auditor General's report, in this case section 4, which addresses "lack of adherence to policies and procedures." An ongoing problem that we face in Public Accounts is changing ministers, gatekeepers, although their previous baggage remains. Given that on page 179 of the Auditor General's report the department is signing contracts after work has started or after existing contracts expire, could the Auditor General please discuss the risk involved in not following these procedures appropriately?

Mr. Dunn: Well, the risk, I think, is rather obvious. If you've engaged a contractor without the set terms agreed to, you may end up buying something that you are not expecting. Certainly, one of the biggest risks within the whole contracting area is getting that value for money and what you expect to be delivered. One of the concerns that we have, of course, is contract or scope creep. Thus, a contractor will start the work, and if the terms are not set in place up front as to exactly what should be delivered at what cost and in what time frame, you may find out that you have a whole bunch of contract amendments coming in later on, and the overall costs in total start to increase. So you're hinting at a very good point. There were a number of contracts that were not signed, and the work had started, and there were contracts that had expired.

Mr. Chase: Thank you. My next question would be then: why is the ministry or why did the ministry, because it's 2003-2004, ignore set policies and procedures that clearly increase the potential for less quality and higher prices for government services? Possibly, if the minister is permitted, he can explain what steps he's taken to correct these previous problems.

Mr. Speakman: In the instances of the contracts and questions, there was generally in the majority of them an urgency to get them under way, so we undertook to have those individuals start the contracting process, and we subsequently signed them against our own policies. In doing so, we ensured that once they were signed, they were, in fact, properly administered on a go-forward basis. In our subsequent review this year we acknowledged that that was an unacceptable process. Our contracts subsequent to these observations and according to our now policies and procedures have addressed that, and these instances are not reoccurring in the current year.

Mr. Chase: Thank you.

The Chair: Thank you.
Mr. Rodney, please.

Mr. Rodney: Thank you, Chair, and thank you, Minister Lund, for your presentation. I know we touched briefly on the Utilities Consumer Advocate. I wonder if I could get just a bit more detail. I get a number of phone calls in Calgary-Lougheed, and I know that we've got pretty conscientious consumers there. I'm wondering if you could tell us why in October 2003 the government selected this particular model over other possibilities that there might have been.

Mr. Lund: Well, of course, the other model would have been to let it stay with the Department of Energy. Quite frankly, this department is to assist consumers. The thinking at the time: it was important to set up an advocate specifically for utilities within the ministry. They gave it a deputy minister position, which of course gave it a high, elevated position as the advocate.

Because of all of the calls that were coming in, really Energy is not set up to handle that, things like billing. As well, on behalf of consumers going to EUB hearings, it was important that it be some entity that is not directly with the Department of Energy because, of course, the EUB is under the Department of Energy. It may be more just perception than reality. Nevertheless, there could be the perceived situation where the people making the decision are also part of the people that are making the presentation to the board. So for those reasons it was set up that way.

Mr. Rodney: Okay. Thank you, Mr. Minister. Mr. Chair, my supplementary was: why did the ministry take the lead role instead of Alberta Energy on this? But I believe the minister has answered that unless he has anything else to add.

Mr. Lund: Only that, of course, as I mentioned in my opening comments, the advocate was extremely busy, set up in October of '03, so it was about halfway through our fiscal year. They handled a very large volume of concerns and were actually quite successful. When you look at the partnering with other associations, part of which was a consumer association but also municipalities, in making their presentation to the EUB, he actually saved the consumers some 85 million dollars, which is very substantial, through their intervention at the EUB. So I think that it's been a very, very good move to have the advocate in that position.

Mr. Rodney: Very good. Thank you, sir.

The Chair: Thank you very much.
Mr. Eggen, please, followed by George VanderBurg.

Mr. Eggen: Well, thank you, Mr. Chairman. My questions are in reference to the various fees that are charged for licensing that are under this department, anything from marriage licences and motor vehicle and corporate searches, property registries, all of these. My question has to do with setting the rates for these fees. I think it's a perception of many Albertans that, you know, this is a way that we are nickelled and dimed to death with extra billing for this and that. I'm just curious to know if the fee levels are set based on the cost of delivering the services. How are the fee levels set for the whole myriad of services that you provide through registration?

Mr. Lund: Partially by the cost of providing the service, but you also have got to remember that you can't be changing the fee every year because the cost changes. What I mean by that: if one year you're doing 50 per cent more than you're doing the year before,

your cost per transaction is going to be down and vice versa. There's no way that you can have the thing going up and down.

Another measure that we use, of course, is: where are we relative to other jurisdictions? As I commented earlier, for example, on a house with a mortgage we're 82 per cent below the national average; drivers' licences, 25 per cent below; car registration, 22 per cent below; a collection agency licence, 32 per cent below; direct-selling licences, 13 per cent below. If Albertans think that we're charging too much for those transactions, then I guess that we have to suggest that maybe it's because we have such an efficient system and the public servants are doing such a tremendous job. We're way below the provincial average in most of them.

Mr. Eggen: So can Albertans expect a large increase in these fees? What I'm looking for is a standard by which you choose to set those fees. If it's based on a basket of other provinces, then are you suggesting that you're going to dramatically increase the licensing fees for registration in Alberta?

Mr. Lund: No, absolutely not. It's not our intent to increase the fee. That's not something that we're even contemplating. Will there be a reduction? Possibly. I don't know. We'll have to revisit that whole area.

9:30

I guess that there's one interesting thing with the way that the accounting works within government. I would love it if we could set aside a portion, if not all, of this revenue that we generate over and above expenditure in this area and use that money to do our registry renewal. In fact, if we were able to that, that would be a wise investment for a number of reasons. We would be able to maybe even reduce our costs more, but we'd also be able to more easily accommodate changes. You could hardly imagine the simple little things like going with a graduated licence and the difficulty that created for us in the issuing system. It cost a lot of money just to upgrade to handle what looks like a very minor thing in the driver's licence. So if we had that renewal system complete, things like that we'd be able to handle much more easily and quicker.

Mr. Eggen: Thank you.

The Chair: Thank you.
Mr. VanderBurg, please, followed by Bill Bonko.

Mr. VanderBurg: Minister, you talked about the consumers' advocate and the \$85 million that they've saved consumers in the province. The work that they did last year was great. I attended some of the hearings that the EUB had just to observe what goes on. I did see businesses there, you know, saying that they were representing consumers and, of course, getting intervenor status and getting paid big dollars to do that. But the only real consumer advocate that I saw representing consumers was your group.

Mr. Lund: Thank you.

Mr. VanderBurg: The point that I want to get at is: of that \$85 million savings to Albertans, do you have any idea of the savings that we might have gotten on the regulated side, you know, the transmission, the distribution costs? There are a lot of those costs that are very, very high that nobody seems to be intervening on. Is there any work that was done on behalf of the consumers by your consumers' advocate group on that? If not, will there be?

Mr. Lund: Well, that's a good question. I will have to get back to the committee with an answer on it. As I understand it, the bulk of

the work that the advocate was doing was relative to the price of the energy versus those other fixed costs that are approved by the board. We'll have to take that under advisement. I'm not sure that they intervened on any of those. I just simply don't know, but we'll get back to you on it.

Mr. VanderBurg: I would then ask you as a follow-up – and I don't require an answer now – that I would think \$85 million would be the tip of the iceberg of what your committee could save Albertans if they went and worked on the regulated side. I know that you have the capabilities and the right people on that. I just want to keep that committee intact. I think the work that you started in the last budget period has hit the tip of the iceberg.

Mr. Lund: Well, thank you very much. Certainly, I will pass that along to the advocate. Well, the advocate is sitting beside me, so he heard it. But the fact is that there could very well be those, so we will certainly take that under advisement.

The Chair: Thank you.

Mr. Bonko, followed by Reverend Abbott, please.

Mr. Bonko: Thank you, Mr. Chairman. My questions follow somewhat along the lines of the Utilities Consumer Advocate as well. What were some of the issues raised – this is on page 173, Minister – with regard to deregulation that the department acted on to ensure consumer protection?

Mr. Lund: Well, as I indicated earlier, the advocate intervened on the rate hearings. That's where a large portion of the money, the \$85 million – a large portion of it came from that.

Now, there were a lot of billing errors that the advocate worked on with a lot of success because there seemed to be quite a disconnect between the actual consumption versus what was on the bills, so they handled a lot of complaints there. I mean, I can tell you a whole host of horror stories that happened in the restructuring. On my own farm, for example, we went seven months without a bill, and then when we did get the bill, it was so full of errors that it took a whole year to get it straightened out. I could do that myself, but a whole lot of consumers couldn't. So the advocate was dealing with a whole host of those kinds of situations, sorting them out, being able to talk directly to the retailer and work through them.

Mr. Bonko: Okay. One somewhat questions the independence when the advocate or an individual receives funding from a government source. You're supposed to be independent, such as the Auditor General, but how does one guarantee that consumer protection is in fact being done when you don't hear them, you know, speaking out specifically against stuff like Enron and the scandal and the air of concern surrounding that particular piece with regard to deregulation?

Mr. Lund: Well, you have to remember that that whole Enron situation occurred prior to the advocate being established. When you talk about the government agency, that's kind of a stretch to go from the Power Pool and the natural gas side, to call that a government agency. I don't buy that. And that's where the funding for the advocate comes from.

Relative to the independence, I believe that setting it up as a deputy minister position originally – he gave that office a lot of authority and a lot of ability to impact on what was happening in the whole restructuring versus somebody that's totally outside.

The funding has to come from someplace. There's sometimes criticism about the EUB because of the way it's funded. How can it be independent if, in fact, the people that it's regulating are paying

the bills? Well, basically paying the bill, not totally but a large portion of it. I don't believe that it follows that the money can have that kind of impact on the decisions of – and this is what I'm talking about – the board and the way they regulate the industry.

Mr. Bonko: Thank you.

The Chair: Thank you.

Reverend Abbott, please, followed by Ms Blakeman.

Rev. Abbott: Thank you, Mr. Chair. My questions are regarding the Alberta Corporate Service Centre, page 63 in your '03-04 annual report. I guess my first question is just with regard to the comment there in the first paragraph. It says:

ACSC has continuously worked with its customers and stakeholders to identify and develop effective working relationships, operational and performance standards, streamlined business processes and a clear understanding of service demand and costs.

I'm wondering if you could explain that. It's going to lead to the second part of my question, but if you could just simply explain the "streamlined business processes" and how you get a "clear understanding of service demand and costs."

Mr. Lund: Okay. Les.

9:40

Mr. Speakman: Thank you. In terms of establishing what our clients, being the ministries, require, in the initial stages of setting up ACSC we took great lengths to work with those clients to ensure that we understood what their service requirements were, what demands would be placed upon us, and then ensuring that the appropriate resource base was transferred to ACSC to deliver on expectations. So there was a consultation process with our client ministries, and then through that process we achieved an understanding of what their service demands were and over the past number of years have determined what the costs were. Just as an example there, in the initial year of ACSC being put in place, we had approximately \$165 million in demand in terms of our cost. In this current year that is the same amount, so we've been able to track those costs over the period of our operation.

Rev. Abbott: Okay. I guess my follow-up question to that then. To me it just seems administratively heavy, you know, the left hand charging the right hand. You're having to send all these bills back and forth between departments. Like, you talk about, again, efficiencies and cost savings. I guess I'm wondering: in the overall picture do you look at the extra administrative costs for doing all this paper transfer internally? Is that all included into these streamlined savings?

Mr. Speakman: In looking at the cost structure for ACSC, there is an overhead element. That overhead element represents approximately 4 per cent of the overall cost of delivering that service. Those costs were embedded in ministries before they came to ACSC, and in most instances there are fewer management level, supervisory level individuals involved in those operations. Therefore, that's where the streamlining has taken place. The number of people to pay bills or to pay staff has been slightly streamlined, but in this period of time there has been a growth in the overall budget administered by the government, and that growth in the budget has not been reflected in the growth in the costs within ACSC. We have documented, substantiated by the Auditor General, savings that we have returned cumulatively over the past five years, approximately \$25 million.

Rev. Abbott: Right. Thank you.

The Chair: Thank you.

Ms Blakeman, please, followed by George Rogers.

Ms Blakeman: Thanks very much. I'm referring back to what appears in your annual report under goal 1, efficient licensing and registration services. It goes on for quite a number of pages there. It starts on 25 and goes a long way, to 35, it looks like. What I can't find in there is reference to the monitoring and enforcement of the Societies Act, which falls under what used to be the old consumer protection branch, which has been subsumed under Government Services. Particularly for those that have condominium boards, which register under the Societies Act to form themselves, or under part 9 of the Companies Act, I think it is, when the organizations can't get satisfaction given the legislation of the Societies Act, they come looking for someone in government to help them to monitor and enforce. I believe there was one person there. So I'm wondering: is that true? Is there any monitoring or enforcement under the Societies Act, even if it's complaint driven?

Mr. Lund: Laurie, would you care to?

Ms Beveridge: Are you talking specifically about the condominiums or just societies in general?

Ms Blakeman: Generally. A lot of them register under the Societies Act, so it's an example, but you've also got tens of thousands of NGOs that register under the Societies Act.

Ms Beveridge: Okay. We don't actually do any enforcement under the Societies Act, but under registries, on the corporate registry side of things, there are staff there that can answer questions and help and direct people to the right enforcement agencies, to the police, if it's necessary, or wherever. Basically, it would be through our staff in corporate registry that they would get assistance. They would also get assistance through our call centre. We do have staff who are known to go in our call centre on Societies Act and corporate registry. So there are actually a couple of places where we do have very knowledgeable staff resources that can help people.

Ms Blakeman: That's true, but there's no one following on compliance.

All right. The second question, then, would be: has the department identified the risk in having noncompliance – and at this point I'd have to say unknown noncompliance because you're not tracking it – with NGOs under the Societies Act? Have you done any work on the risks or implications of all of those tens of thousands of groups registered under the Societies Act? Do you have any idea whether they're complying?

Mr. Lund: Laurie, have you anything else to add?

Ms Beveridge: No, there's actually nothing else. I mean there's really nothing. There's just no enforcement abilities that we have under that act.

Mr. Lund: I'm not sure where you're going, hon. member, with the questions without an example of something that you're referring to because there's an overlap. There are other pieces of legislation. If a society is breaking those regulations, then, of course, we have a way of dealing with them through another piece of legislation. I guess I'm just at a bit of a loss exactly what it is you're trying to refer to.

Ms Blakeman: Is that okay?

The Chair: There are a few more members on the list, please.

Ms Blakeman: Okay. I'll come back to it at the end if there's time. I've used my two questions, but I can explain it to you later.

Mr. Lund: That would be good.

The Chair: Mr. Rogers, followed by Mr. Chase.

Mr. Rogers: Thank you, Mr. Chairman. To the minister: Mr. Minister, since the FOIP process is something that falls under your area, I wonder if you could elaborate in your words the success, or lack of, of the FOIP process in terms of dealing with citizen requests.

Mr. Lund: As you've probably noticed, we've actually reduced our goal for the response within a given time. One of the issues that we're running into now is we're finding that a lot of the requests are more complicated, so there's getting to be more work involved in trying to respond to them. It's extremely important that we adhere to the protection of privacy.

I remember back – I chaired the committee that actually introduced the bill in the Legislature. One of the things that we were told dealing with other provinces and areas that had this legislation was that you're going to find that over time the protection of privacy is the bigger issue as opposed to the freedom of information. As a matter of fact, we were told – and I see it happening – that some information that was readily available prior to the introduction of the act is more difficult to get today simply because the very important component of that bill is the protection of privacy. So you get into all kinds of issues relative to the pecuniary interest and third-party interest, just a third party, never mind whether it's pecuniary or not. So it's getting more difficult to get the turnaround and public satisfaction because a lot of times they thought they were going to get information that if they read the rest of the act, they find out: no, you can't have that information.

Mr. Rogers: Thank you. How does Alberta compare to the rest of the country?

9:50

Mr. Lund: Well, we believe that we've got an act that is very similar to other jurisdictions. We've been doing a lot of work on it to make sure that they – then, of course, we introduced PIPA, the personal information privacy act, that covers the private sector. The reason we went with that act as opposed to the federal act is that if you leave it up to the federal act, if there was, say, a dispute resolution that needed to be handled, it would be handled in Ottawa versus in Alberta. So it was important that we introduce that legislation and make sure that it's working. It's really made in Alberta even though it does follow fairly close to the federal legislation.

Mr. Rogers: Thank you.

The Chair: Thank you.

Mr. Chase, please.

Mr. Chase: Thank you very much. I continue to mine page 179 of the Auditor General's report. The Auditor General reported that contract approvals are not in accordance with policy. Therefore, my question is: why does or did the ministry clearly break the rules and favour certain companies over others?

Mr. Speakman: I am stuck answering that question given that I don't believe that there was any favoritism observed. There were certainly some we could have executed better, but it was still through a competitive process as we were awarding those particular contracts. So there was no favoritism executed in any particular vendor.

Mr. Chase: Okay. Thank you. Possibly I can have the Auditor General follow up.

My question to the Auditor General and relating it back to 2003-2004: would the Auditor General please explain what progress he has noted in having this department adhere to an open and transparent bidding process? Another way of stating it: are you satisfied that your open-bidding recommendations are being followed?

Mr. Dunn: Thank you very much for that question, but you're asking me to go into the current year. Certainly, we will be following up on this matter with ACSC in its new structure under the Restructuring and Government Efficiency audit. You've hit at this a number of times. This was a very critical piece, and we were very critical of what the department was doing. So we will be delivering, in our annual report this coming year, a follow-up as to what Mr. Speakman is talking about as to progress that has been made on those contracting policies. We expect that there shall be improvement in those practices.

Mr. Chase: Thank you for explaining the procedures.

The Chair: Thank you.
Mr. Eggen, please.

Mr. Eggen: Thank you. My question has to do with the Utilities Consumer Advocate. Sorry; I came in a bit late, but is this, in fact, the gentleman who does that?

An Hon. Member: Yes.

Mr. Eggen: Just looking at what are the most commonly identified concerns from individuals reaching your department plus what are the performance measures to perhaps measure the success of this advocacy group, my question is to the gentleman that is the advocate, if that's okay. What sort of tools could we give you to make this position more effective in regard to answering the concerns of consumers across the province?

Mr. Lund: Well, now we're jumping to today for a moment.

Mr. Eggen: Well, I think that, you know, you've set up the advocacy chair, and there's no specific performance measurement that's been happening, but I'm just wondering as an ongoing process what tools could be put in place to maximize the effectiveness of this position.

Mr. Lund: Well, Mr. Chairman, if you'll allow me, I can make some comments.

The Chair: Just briefly, please, in light of the hour.

Mr. Lund: Well, very briefly I think that what is going to happen very shortly is that as more consumers come off the regulated rate, we will see the number of issues drop because the market forces will be working. The regulated area is where the transmission, the billing, all of those things – before you came in, I agreed with one of the hon. members that we needed to change our focus and look at the regulated part of the restructuring because, quite frankly, more

of the complaints are coming from the regulated side than the so-called deregulated side, and that's where we will be having to put more effort.

Mr. Eggen: Well, I mean, I would beg to differ in the sense that, you know, the majority of the identified concerns are in regard to high prices. Wouldn't you agree that it was, in fact, the deregulation of the energy prices that necessitated this advocacy chair in the first place?

Mr. Lund: Absolutely not. The fact is there was a restructuring that occurred. There was some deregulation in the generation and in the retailing. I happen to have four taps, and I can show you, if you're interested in looking at them . . .

Mr. Eggen: Oh, very interested. Yes, I am.

Mr. Lund: . . . that, in fact, the largest increases occurred in what is regulated, not the so-called deregulated. Quite frankly, we do have to do some education of the public because you have to go back and look: when was the infrastructure built? It was built back in the '50s and '60s basically. What's the life expectancy of it? It has pretty much completed its life expectancy. What's the comparison in cost, real cost today compared with back when that infrastructure was built? That is the reason that prices have gone up so dramatically to the consumer. It's not on the generation side, and the generation side is where we deregulated.

The Chair: Mr. Lund, that concludes this portion of our meeting. On behalf of all members of the committee again I would like to express our gratitude to the hon. minister and his staff and also Mr. Dunn and his staff for their time and patience and attention this morning.

Mr. Lund: Thank you very much, Mr. Chairman.

The Chair: That concludes this portion of the meeting.

Agenda item 4, Other Business. Has any hon. member got any other business this morning? Seeing none, thank you.

I would like to remind all hon. members that it is unlikely that we will meet next week. When we resume in the fall, we will be probably looking at the annual reports for 2004-05, which usually come out in the fall from the Minister of Finance.

Ms Blakeman: I'm wondering if you're able to tell us now how many ministries we were able to examine from the 2003-04 year out of 24 ministries.

The Chair: Yes. I believe we're up around eight, possibly nine.

Ms Blakeman: Eight.

Mrs. Dacyshyn: The answer is eight.

Ms Blakeman: A whole eight ministries. Wow. Thank you.

The Chair: Thank you.

Now, could I please have a motion to adjourn?

Mr. Lindsay: So moved.

The Chair: Moved by Mr. Lindsay that the meeting be adjourned. All in favour? None opposed?

Thank you very much. Have a good summer.

[The committee adjourned at 9:59 a.m.]