

Title: Wednesday, May 3, 2006 Public Accounts Committee

Date: 06/05/04

Time: 8:30 a.m.

[Mr. MacDonald in the chair]

The Chair: Good morning, everyone. I would like to call this meeting of the Standing Committee on Public Accounts to order. On behalf of all members of the Assembly I would like to welcome the hon. Mr. Luke Ouellette and his staff this morning. Perhaps we will quickly go around the table and introduce ourselves for the convenience of the visiting department.

[The following members introduced themselves: Mr. Bonko, Dr. Brown, Mr. Chase, Mr. Groeneveld, Mr. Johnston, Mr. Lindsay, Dr. Morton, Mr. Prins, and Mr. Rogers]

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

[The following departmental support staff introduced themselves: Mr. Fischer, Ms Landreth, Mr. Pellis, and Mr. Bass]

Mr. Ouellette: Luke Ouellette, RGE.

The Chair: Mr. Griffiths, the vice-chair, is just making some arrangements outside. I'm Hugh MacDonald from Edmonton-Gold Bar.

Mrs. Dacyshyn: Corinne Dacyshyn, the committee clerk.

The Chair: Thank you.

Now, I would like to advise that the agenda packages were sent out on Monday with copies of the follow-up responses from the Hon. Iris Evans, the minister of health, related to her meeting here on March 15.

The agenda was also circulated. May I have approval of the agenda if there are no changes? Thank you, Mr. Johnston. All in favour? Opposed? Seeing none, thank you very much.

Can I also have, please, approval of the committee meeting minutes of the April 26 meeting, that were attached?

Mr. Bonko: So moved.

The Chair: Thank you, Mr. Bonko.

Those in favour? Opposed? Seeing none, thank you.

I would now like to invite the hon. minister, Mr. Ouellette, to give a brief overview, a 10-minute overview, of his department. If any of his other staff that are present would like to join us at the table, they are very welcome. Okay. Before you get started, hon. minister, I would like to advise you that we don't have to touch any of the microphones here. We don't have to press any buttons. It just works automatically, of course, under the guidance of *Hansard*, who are right behind you. We appreciate your time and your attention this morning. Please proceed.

Mr. Ouellette: Thank you very much, Mr. Chairman. I would like to acknowledge a couple more of my staff that are here. My EA, Jason Ennis, is here; my deputy minister's executive assistant, Cheryl Arseneau, is here; and our communications director, Jeremy Fritsche, is also here.

It's a pleasure to be here to discuss Restructuring and Government Efficiency's creation in 2004-2005 and our accomplishments during the short reporting period of our first four months of existence. For the first eight months of the fiscal year we didn't exist as a ministry.

Of course, these beginnings have led to a number of significant projects on the go right now and even better things planned for the future. I'd like to take a few minutes to bring you up to date on where we've been, where we are, where we're going, and how the transition between the past, present, and future will best work internally for government and externally for Albertans. This is important because we often hear from many of you, especially from across the House, wondering: what does Restructuring and Government Efficiency do? So I'd like to take you through what I call Restructuring and Government Efficiency 101.

Most of you know by now that our ministry was formed through the merging of the Alberta Corporate Service Centre from Government Services and the corporate chief information officer from Innovation and Science, almost 1,300 staff in all. Today we're down to somewhere around 1,150. Those staff do their jobs, and they do them well in over 50 locations in Edmonton, Calgary, and other communities around the province. Since coming together as one, we've seen a number of accomplishments that improve the efficiency and effectiveness of government.

Highlights include the implementation of the government of Alberta enterprise architecture framework. This includes an online privacy planning tool that helps project teams understand if they have to complete a privacy impact assessment under FOIP. I'm told that other ministries are finding this to be of great help. We've recommended procurement opportunities for consideration as part of the Alberta/B.C. bilateral trade agreement. We've worked in co-operation with Service Alberta to discover common approaches to protecting confidentiality and privacy. We continued building the SuperNet, over 12,000 kilometres of fibre-optic cable connecting 429 communities from Zama City all the way south to Manyberries and virtually every point in between. The regulatory review process was just kicking off when this annual report was wrapping up. At any rate, those are just a few of our accomplishments through the time frame referenced in the annual report.

I need to stress that aside from these projects we maintain programs and services that day in and day out keep this \$28 billion government of Alberta operation running smoothly. It is important work and work that members don't necessarily see overtly in the operations of government, but it is a cornerstone of what we do around here.

Mr. Chairman, the government of Alberta was one of the first governments in Canada to use a shared services system for conducting day-to-day business tasks. Alberta's system includes more activities than any other province. We are recognized by B.C. and Ontario as a leader in improving government business practices. The shared services we deliver include mail delivery, procurement, human resources, financial administration, desktop support, and many other services. Streamlining and standardizing these functions for all of government reduces duplication, provides economy of scale, and ultimately reduces costs.

In essence, efficiency is about serving Albertans better. Without question, this is the major component of what Restructuring and Government Efficiency does. A vast majority of our staff are involved in shared services, including managing government's corporate finance system, through which passes the government's \$28 billion dollars in payments; maintaining a payroll system that services 25,000-plus government employees; operating a sizable procurement system to the tune of over \$350 million annually, covering everything from paper clips to software and aviation fuel; delivering over 22 million pieces of mail; printing over 39 million documents; processing over 375,000 invoices; supporting over 26,000 computers; and the list goes on and on.

But let's be clear, Mr. Chairman: I can't sit here and take credit

for all of this. Some of these projects had been initiated prior to Restructuring and Government Efficiency becoming a ministry. The plans were in place, and, yes, we saw them through to completion. That's important, and it's something our team should be proud of.

Last year in the House I spoke about cleaning up our own backyard before looking into the yards of others. I see that as an ongoing process in this ministry, and I can tell you that we've come a fair distance since our annual report went to print. This includes breaking down the silos. As the Premier likes to say, our staff no longer work for the Alberta Corporate Service Centre or the corporate chief information office; they work for Restructuring and Government Efficiency, for the government of Alberta, and, most importantly, for the people of Alberta. The Alberta Corporate Service Centre and the corporate chief information office did a lot of work in the past, and all of the government should be extremely thankful for that. Their work is preserved with distinction in our annual report.

Looking ahead, however, means going with a single vision. Most would agree that heading anywhere with double vision isn't all that productive. Before shared services were introduced here, we had silo operations in every ministry. Within each silo were four more silos for finance, human resources, procurement management, and information technology. Not anymore. Today we work as a team. I know that the interest of your committee is to ensure that this government accounts for its operating policies and actions and its management and use of public resources. It's about being efficient, and there's good reason that word is in our ministry's name. All three of our divisions, for example, have shared services responsibilities. This is down from a time when we had eight divisions, eight assistant deputy ministers. So now we can certainly function much more effectively as a team.

We have our Regulatory Review Secretariat, headed up by the hon. Member for Foothills-Rocky View. The mandate of this group is to reduce regulatory red tape, and I know that Albertans are all in favour of reducing complexity within government.

8:40

We also have the ICT service co-ordinator initiative. As you know, most government ministries have unique ICT environments, resulting in quite an array of servers, databases, local area networks, and program delivery applications. The service co-ordinator initiative aims to improve the co-ordination of these various systems so that we can make the most of technology and control costs. We're making great headway here.

Of course, while SuperNet has now successfully been launched, we haven't forgotten about it. In fact, we're working closely with Axia to ensure that most Albertans have access to high-speed Internet where it was never before possible. This, of course, is beyond the initial SuperNet scope of providing high-speed access to our hospitals, schools, libraries, and government facilities. Now the businesses and residents want a piece of the high-speed action and rightfully so. In fact, this leads into the mandate of the ICT SuperNet Advisory Committee, chaired by the hon. Member for Calgary-Bow, whose job is to help us identify all the ways Albertans can best take advantage of SuperNet, like long-distance learning and video conferencing.

We also have the Fees and Charges Monitoring Committee, chaired by the hon. Member for Leduc-Beaumont-Devon, to continue the good work accomplished by the previous committee. Mr. Chairman, to be clear, while we have a number of major projects on the go, working in collaboration with other ministries is key to the success of our ministry, and because most of our work is internal and not necessarily visible to Albertans, our successes are reflected through the successes of the ministries.

Before my team and I answer any questions you may have, I want to address our performance measures and comments from the Auditor General. For 2004-2005 I have no hesitation telling it like it is. In 2004-2005 we did not do well. In fact, we missed the boat, especially when you see a target of 80 per cent and the actual is zero or a target of 75 per cent and the actual is 2 and a half per cent.

I can say with confidence that our intentions were good. Unfortunately, our performance measures were not clearly tied to our core businesses, and they didn't reflect progress towards ministry goals. I know that there was a disconnect between what we wrote and what the Auditor General read. Our original measures were too complicated, and it was the Auditor General that suggested that we make them simpler.

In short, the performance measures for 2004-2005 just weren't good enough; however, over the past year Restructuring and Government Efficiency has done significant work on improving our performance measures along with the tracking and reporting systems we use. Staff from Restructuring and Government Efficiency have been working with the office of the Auditor General for advice and comment on our performance measures. We've been working to ensure that the Auditor General's concerns are addressed and that meaningful performance measures and targets are set.

The Auditor General began evaluating our '06-09 performance measures last November, and we're now confident that our new measures are in compliance with Auditor General policies. Our new measures are directly aligned to the core businesses and, at the same time, accurately reflect key targets or milestones that Restructuring and Government Efficiency will accomplish over the next three fiscal years. I'd like to thank the Auditor General and his staff for their help in getting us to the point where we're all satisfied.

In closing, Mr. Chairman, we are a service delivery organization. We are proud of our accomplishments to date, and we have much more on the go. We've certainly gone through some growing pains with our performance measures, an issue that I'm confident is behind us. As much as today is about looking in the past, I must admit that our ministry is focused on the future.

So thank you to everyone for being here today, and with that Restructuring and Government Efficiency would be happy to respond to any questions you may have. I also have staff here that, if you don't mind, if you get a little technical on me, I may need to ask help from, although I'm sure I gave you a good enough speech that you know all about us now. Maybe we should just go home.

The Chair: Thank you, honourable minister. Your staff are quite welcome to participate in the questions and responses any time if they so choose. We welcome that.

Mr. Dunn.

Mr. Dunn: Thank you, Mr. Chairman. Just for committee members' knowledge our comments start on page 281 of the '05 annual report.

As the minister has just explained at some length, we have repeated a numbered recommendation, 37, to the ministry, to clearly define its performance measures and targets and develop systems to monitor and report the results achieved. I'm just going to echo what the minister has just mentioned, that the ministry has not made satisfactory progress in implementing this recommendation. We started making this recommendation back in 2002.

However, we report that the ministry has made satisfactory progress in implementing the other recommendations. These concerned improving its contracting systems; improving disaster recovery preparedness at the government data centres, which house the critical shared IT services; improving the electronic payment

system and the expense claim system; developing a plan to optimize the use of Imagis; and also implementing a program to improve government employees' awareness of information security responsibilities. Just to remind the committee members, Imagis is the main computer program that ministries use in their financial and human resource information systems. Those improvements have taken place over the last year.

Those, Mr. Chairman, are my brief comments on this chapter. I and my staff will answer any questions that the committee direct to us.

Thank you.

The Chair: Thank you very much.

We will now proceed with questions, and there's a fairly long list already this morning. Mr. Bonko, followed by Dr. Morton, please.

Mr. Bonko: Thank you, Mr. Chairman. Indicated in the AG's report on page 283: the disclosure of conflict of interest. Given that the Auditor General stated that the ministry signed and/or renewed most of the contracts before the implementation of the new policies, how can we be sure that, in fact, we aren't going to have any other surprises when we have the review next year?

Mr. Ouellette: I don't know how to guarantee somebody that there are never any surprises. I just know that my staff have worked diligently with the Auditor General's staff to make sure of any of his recommendations. I don't know how we got out of line. This was long before my time that there were three years in a row that there was one particular measure or recommendation that we didn't change. I've been told by all of my officials that when they've sat down with the Auditor General's staff, we've changed how we measure, and it won't come back again.

Mr. Bonko: Okay. With what we've learned from Kelley Charlebois and Rod Love, how do we know that the minister isn't breaching some of the contract policies of this department then?

Mr. Ouellette: Because it's a big part of our ministry, we take contracting very, very seriously. We make sure that we always adhere to the agreement for internal trade. We make sure that all of the different government policies are adhered to. By the same token, on the agreement for internal trade I'm not so sure that with any of the contracts you're speaking about, any policies were actually contravened there. Under the agreement for internal trade you can go and hire services that you need up to \$100,000 without an RFP. Some of that is dropping down now in the new bilateral agreement, I think, that's being signed by B.C. and Alberta, but, really, we've never had a problem with any of our contracts that I've ever seen within our ministry.

Mr. Saher: Maybe I could just supplement what the minister has said. Last year in the '05 annual report we reported that we had looked at the progress that the ministry had made in the area of contracting, but we were not able to say from audit evidence that the new procedures were in fact working as intended, so I understand the question that's been raised. I do want to point out that we are aware that one of the changes in the procedures, in fact, was to establish a Contracts Review Committee. That's in the middle of page 282. I think that's a key new control that we were pleased to see in place. In our work in the current audit cycle we'll be satisfying ourselves that that committee is functioning as intended.

8:50

Mr. Ouellette: My deputy would like to supplement on this.

The Chair: Sure.

Mr. Pellis: Just two more points I'd like to raise. First of all, for any new contract that we sign, contract managers are required to indicate to us that they have no conflict of interest. That has to be provided to us in writing. The second thing, as Merwan alluded to, we have an internal Contracts Review Committee, which is made up of the ADMs in our department. Part of their role is to ensure that the contracts are awarded through an open, competitive, and inclusive process, and number two, to make sure that there's a clear understanding of what the deliverables and outcomes are of any contract that's signed.

The Chair: Thank you.

Dr. Morton, please.

Dr. Morton: Thank you, Chair. Minister, I'd like to ask you a question concerning the SuperNet. Specifically, page 25 of the report talks about the progress that's been made in terms of getting the SuperNet out into communities and then the link out from the SuperNet to the ISP providers. The second sentence on page 25 states, "By April 30, 2005, most communities will be ISP Ready allowing interested Internet Service Providers the opportunity to begin to offer commercial services to residences and businesses." My question is: do you know how many ISPs were actually operating in 2004-05, providing that additional link out to the consumers and businesses?

Mr. Ouellette: Now, I want to stress to you that ISPs today are the first mile. Most people consider it the last mile. It's our most important thing moving forward. In '04-05 our most important thing when we took over this ministry was to get the infrastructure built to actually fulfill what the government had made as policy and what they said that they were going to do, which was linking the 429 communities, connecting the 4,200 connections of hospitals, libraries, schools. Then we started working on the last mile. Axia had the contract for access to the system and to manage the extended system for us, which really is where all the ISPs are going to be.

You know, for the 27 major communities, the Edmontons and Calgarys and stuff, there's not a problem looking for an ISP there. There are tons of them. It was the new start-up, ma and pa operations, anybody that would go out and actually develop in rural Alberta. By the end of '05 I think we had around 35. That's a little bit of a guess there. Don't hold me to that exactly, but I think we had around 35. Today I can say that we're well over 50. We've got over 135 communities connected. So we're well on our way, and lots and lots of people are inquiring about how they could become an ISP.

Dr. Morton: Okay. So the focus on ISPs is sort of post 2004-2005?

Mr. Ouellette: I would say yes. I mean, it was there and it was in everybody's mind because we knew that that was going to have to happen, but we had to get the main infrastructure of the system built before we could do that last mile. Really, we're progressing very, very well today. There are more school boards that are really happy because of the virtual learning that they're going through. They can offer more courses in the small rural schools because they can be teaching them from somewhere else. That is going on a lot more than people even realize.

Dr. Morton: My supplemental question is, perhaps, not completely appropriate then. I was going to ask if the ministry was undertaking

any special measures to try to speed up or enhance ISP people coming in, particularly in the rural areas. I suppose that falls more in the '05-06 year.

The Chair: Go ahead.

Dr. Morton: Okay. Well, that's my question.

Mr. Ouellette: One of the things I can say is that the minister is cracking the whip like hell. You know, our manager of that system is Dennis Mudryck, and I probably talk to him at least once a week. He works under David's department, but I talk directly with Dennis, and I always tell him to make sure that he stays right on top of Axia and gets back on all these inquiries.

There are other things going on right now with the CRTC decision, where we don't know for sure what they're going to do with these deferral accounts. I haven't gotten involved in that yet, but I'm contemplating it. I think you know what deferral accounts are. That's money that, I believe, was overcharged to Canadians, not just Albertans. This is right across Canada. The CRTC has ruled, although it's being appealed by everyone, that they were going to use that money – I think there's \$600 million or something – to connect rural communities right across Canada or to try to get high-speed Internet in those rural communities. A lot of the companies are appealing that because they're saying, first of all, if people were overcharged, maybe the money should go back to those people. Second of all, should the CRTC be giving the big telco companies a handout to go into competition with them and maybe kill the actual market?

Alberta's market is really producing well, probably more than the CRTC ever realized. The only company that has a deferral account in Alberta is Telus. If they all of a sudden hand this money to Telus and now Telus goes out not with their own money – but they believe it is – and they get out into rural Alberta, they're just going to kill all the small companies that are already starting to develop and build ISPs in rural Alberta.

We haven't got involved in that yet, but that could be a lot of money that goes to connecting all the rural communities right across Canada.

Dr. Morton: Thank you. I'd like to stay for the rest, but I have a red-tape-cutting committee meeting starting in a few minutes, and if I'm not there, the minister responsible will be cracking the whip on my back.

The Chair: Good luck, Dr. Morton.

Mr. Chase, please, followed by George Rogers.

Mr. Chase: Thank you very much, Mr. Chair. Can the minister assure the committee that when staff from Intergovernmental Relations and Innovation and Science were transferred to form this new ministry and were reduced by the current 1,100 RAGE total, which the minister alluded to in his introduction, that these ministries remained reduced by that number in the 2004-2005 year?

Mr. Ouellette: First of all, Mr. Chair, we didn't get anybody from intergovernmental relations. Actually, we got them from Government Services and Innovation and Science. There were something like 1,300 that came over from those two. Reducing to the 1,150 is what we've done as Restructuring and Government Efficiency.

I have no idea how many staff were left in those two departments, and, really, I don't think it's any of our business to tell them who they can hire and can't hire or whether they needed staff for other

things. But for the staff that we got, Government Services, for example, was all Alberta Corporate Service Centre staff, which now we call shared services, but they wouldn't have needed to replace any staff for that over there because they don't have that function in their ministry. With Innovation and Science we got the corporate chief information officer, which was basically their IT stuff and SuperNet stuff. Really, they would have no reason to replace any of that staff; we have them in ours.

Basically, just streamlining is what brought our staff down from the 1,300 to the 1,150. I should elaborate a little bit. For some of those staff, some of those numbers, we just found efficiencies to change a little bit of our business practices on some of the human resource side, and some of those staff went back into other ministries because we felt that it was more efficient to do it that way.

9:00

Mr. Chase: Thank you. My supplemental. The SuperNet appeared to be your favourite and most time-consuming project. With that work primarily completed, what was your secondmost important focus in 2004-2005 that you're potentially pursuing now?

Mr. Ouellette: There's no doubt that SuperNet was a huge focus. I honestly believe that the SuperNet initiative that was taken on by this government is one of the most important and best rural economic development drivers. To sustain rural communities, I believe that's one of the best initiatives this government has ever had. Yes, we're done what we had contracted for as far as doing that main infrastructure, but we're far from done in actually developing SuperNet to what it's capable of doing, and it is very important to help rural Alberta and the rural development initiative that the vice-chair of this committee is involved quite heavily in.

Shared services. Because of how much staff is involved and how important it is to all of government – because it's a complete cross-ministry initiative. We do work for every single ministry in government, so shared services was right up there at the top of the list because it was basically a fairly new way of doing business for governments. We were one of the first to kick it off. Ontario and B.C. followed. We are leading. They tell us that. They're the ones telling us, and they want to meet with our officials from shared services all the time to try to better theirs. They believe, the same as we do, that it's the way to do business in the future to get economies of scale and stuff.

I've heard your side of the House talk about that a lot. Whether it's health care or the pharmacare program, it's getting them economies of scale by buying for everyone. We've done a lot of that in shared services already, where it went down to municipalities and gained a whole bunch of money savings from doing our shared services. I think maybe Cathryn will want to expand on that a little bit.

Red tape, or regulatory review, is a personal little pet of mine because I've always believed that we have way too many rules and regulations within government. I believe that we have way too much red tape and it takes way too long and it's way harder than it should be for a normal citizen out there that needs something from government. Whether it's a permit or whatever it is, I just think it's way too tough what they have to go through a lot of times. It costs them more money than it should, and that in turn costs government. So regulatory review has always been my own little pet peeve, and we're trying to work on that.

It's not really easy in any government to be able to go to a minister and say that your department has too many rules and regulations. They don't greet you with open arms and say: oh, yeah, you come in and try and get things easier in my department.

Nobody wants to say that they're not doing things right. So it's not an easy task, but we're working on it. I think all three of those are very important, but we've come a long way with shared services, I think, since we first got in in '04-05.

Maybe Cathryn wants to talk a little bit about where it goes, how we've helped other municipalities, and some of the savings we've gotten for them.

Ms Landreth: One of the major activities that we're undertaking within business services, which is my division, is focused on procurement. We spend a significant amount of money in the government on common things, which we term to be commodities: office equipment, computers. We have undertaken some initiatives, which we call strategic sourcing initiatives, which allow us to make the right kinds of buying decisions for those kinds of commodities. One of the ones that's yielded some wonderful returns is a sourcing arrangement for software licensing, which we received from Microsoft. We make those agreements available to all departments as well as all municipalities. The savings to the municipalities, in particular, since the agreement was put in place exceed \$3 million over and above what they were able to negotiate on their own.

There's no cost to them in accessing this agreement. We put it in place through our normal procurement process. They have access to it. Similarly, they have access to any of our contracts that we negotiate on stationery supplies. For example, we have contracts with two vendors. By going from three vendors to two vendors, we increased our discount from the vendors from 48 per cent to 70 per cent on a \$7 million spend, which results in some fairly significant savings. So all of government as well as all of the public sector, by simply putting up their hand and saying that they'd like to access those contracts, have access to the lower costs and better service. Those are just a couple of examples.

Mr. Chase: Thank you.

The Chair: Thank you.

Before we proceed with a question from Mr. Rogers, I would like to remind all hon. members and the minister to keep your questions and answers brief. We are developing quite a long list of members interested in questioning the department. So to allow everyone an opportunity, if we could keep our questions and answers brief, please.

Please proceed, Mr. Rogers.

Mr. Rogers: Thank you, Mr. Chairman. I have to apologize. I can't miss that last point that was made by a member of the staff. Mr. Minister, I want to congratulate you on the efficiency with which you've taken on this task. When your staff member mentions a 70 per cent savings in one area, that is phenomenal. I am pleased that we have a department that's making such an effort in this area, so thank you.

Mr. Minister, my question refers to page 284 of the Auditor General's report, and you did touch on it in your opening comments. It's with reference to recommendation 37. I'm just going to ask if you could elaborate a little bit more on some of the efforts that you and your team – or maybe someone else from your staff could even answer – are making in this area. I think performance measures are a very important part of judging what we do in any area. I just wonder if you might elaborate a little bit more on some of those efforts that you're making to address the Auditor General's recommendation.

Mr. Ouellette: How I like to explain it – and I'm not sure every-

body will agree with me. It's not so much that we didn't achieve what we set out to achieve. We just didn't measure it properly. We didn't have the right measurement tools or the right measurement criteria available. To measure something, we had way, way too complex a measurement tool. To measure one thing, there might have been 13 different steps or whatever, and it just wasn't simple enough to be able to make the measurement.

I don't know which one to use as an example. I guess the simplest thing to say is that what we've done now is we went out and made our measurements way more simple so we can measure something. An example is that if we had to meet a criteria of – I don't know where I'm trying to go with this, actually. I'm trying to go, probably, to the government.

Mr. Rogers: Are you saying less time on the methodology and just more getting on with the job?

Mr. Ouellette: Yeah, but not really. We had to rewrite our actual measurement tool to make it less complex.

[Mr. Griffiths in the chair]

Mr. Rogers: That's fine. Thank you.

A second question then, Mr. Minister, and this is just on another topic that you'd touched on earlier as well. It's regarding the SuperNet and the last mile. I can't help but ask. I've got some rural areas in my constituency, particularly in the east end, areas like Kingman, northeast of Camrose. People in these areas are saying that all this effort you've made and the pronouncements about the SuperNet are great, but how are we going to get the SuperNet out into these little corners of rural Alberta, which aren't even that far away? That's within an hour's drive of here.

Mr. Ouellette: Technology has been moving very, very quickly. We have way, way, way better wireless broadband, wide-band connections available today than there ever were, but there's another step. It's still not as good as an actual in-place wireless set-up. Satellite technology today has gotten to where it's broadband and wide band and high speed. In fact, with our contract with Bell to be a supplier of last resort, my officials are still negotiating some of that right now. The big thing is that if one of your constituents in Kingman says, "I want high-speed Internet," and "I hear that the government had a six-month deal on supplier of last resort" – well, there are companies out there now saying that they can do just about anything with satellite. It may not be connected directly to SuperNet, but what we're saying is that the policy of this government to build the SuperNet was strictly to get people connected out there. So if I can give you high-speed Internet, do you care whether it's running on the SuperNet, whether it's running on a satellite, what it's running on?

9:10

We're working on that, and there are other companies that are doing satellite. I forget the names of them, but one was in to see me yesterday. Let's say that they set up in Kingman with satellite for that one customer, but after they get 20 or 30 customers on satellite, it now would pay them to set up their wired-in wireless shot in that community. So there are good things happening that will make this work.

The Deputy Chair: Thank you, Minister.

Mr. Elsalhy, followed by Mr. Lindsay.

Mr. Elsalhy: Thank you, Mr. Chair, and good morning to the

minister and his staff. The hon. minister highlighted eliminating red tape and duplication as a priority for himself and for his staff in his speech and also in his printed message in the annual report for '04-05. We know that you're working with organizations like the Canadian Federation of Independent Business and people like them. Can you give us an update as to how things are progressing, or where does it stand now?

Mr. Ouellette: The hon. member that left here, Dr. Morton, was going to a meeting on that. I think they've got everything in place now. They've started to have their meetings actually with industry also to bring forward. I've spoken with the Ministry of Gaming, for example. There have been – you've probably heard it in your constituencies – bingo people, there have been a few other people saying: you know, things are getting really tough out here, and these are charity things, and some of the rules and regulations that you guys are passing are going to put us out of business. They are having some meetings with some of them. I've got permission from the minister that we are going to be able to go work with their boards of directors and see if we can streamline some of that. So I think that in the next little while we're finally going to see some progress.

Mr. Elsalhy: My supplemental would be kindly asking the minister to explain how it is efficient that the chair of the MLA steering committee for regulatory reform, the MLA for Foothills-Rocky View, is also the chair of the Regulatory Review Secretariat. The question would be: why the duplication and how is it efficient that we're paying the same guy two salaries to do the same thing?

Mr. Ouellette: I don't think we are paying him two salaries. As far as I know, he's not getting paid two salaries.

Mr. Elsalhy: In the report of selected payments to Members of the Legislative Assembly, he has been paid \$4,200 for the period since he was elected to March 31, 2005, acting as chair of the Regulatory Review Secretariat. Now, for the MLA steering committee, if it's after that, one would assume that he's also getting paid for it unless he's volunteering.

Mr. Ouellette: No. He agreed to take that chair on with the same salary that he gets for the Regulatory Review Secretariat. There's no extra pay there that I know of, and I just believe that the Regulatory Review Secretariat and the regulatory review, period, really are as one. Some of the things we're doing also as the regulatory review task force, or whatever you call it, is also revamping the criteria that all regulations have to go through on the Regulatory Review Secretariat, so they have a tougher criteria to meet. They really have to say: "Is this rule really needed? Is there a better way of doing this that'll make it easier for Albertans that have to adhere to this rule?" So with them also doing that, I just thought that he was the best person to do both jobs because he's looking at the rules from both ends. He's looking at the older ones that are coming forward. He's looking at the new ones before they actually get put in place.

Mr. Elsalhy: Thank you.

The Deputy Chair: Thank you very much.
Mr. Lindsay, followed by Mr. Bill Bonko.

Mr. Lindsay: Thank you, Chair. First of all, I want to congratulate the minister on a very well-done inaugural annual report. It's a very efficient format. So thank you for that.

My question is on page 28 of your annual report, where you speak

about performance measures for the rationalization and consolidation of ICT infrastructure such as computer servers and e-mail systems. While it appears some progress was made, some of the '04-05 targets are a long way off. I'm surprised, I guess, to see that there are 14 different e-mail systems in government. Your target was to cut that down to one standard system across the government, yet the number actually increased from one to 15. Would you say that this program was less than successful?

Mr. Ouellette: There is one perfect example of how the measuring was written up improperly. It made us look very, very unsuccessful, but it was strictly because of the measuring. If the measuring would have read, "Make all these systems compatible so they can speak to each other," rather than saying that we're going to make one system, it would have measured huge success because today we may not have gone to one system, but we've made all the systems compatible. All of those systems today can talk to each other where before it was 14 that couldn't speak to each other. Now at least we've got an overriding system to make them compatible. To me that's a success, but the way we had written it up to be measured couldn't show a success.

Mr. Lindsay: Okay. Thank you. My supplemental, then, is again in the same area. How confident are you that you will get the co-operation of other ministries in meeting your performance measure targets as identified in '04-05?

Mr. Ouellette: We will talk ICT here, I guess, because it's cost the government a lot of money. ICT is big money today in industry, in everything. We spend \$300 million to \$400 million in the Alberta government on ICT. All of those ministries want to save money if they can. They all want a better system, a one-shot system. As you know, we've gone out for expression of interest on an ICT co-ordinator effort to get better expertise than we may have right in government, to co-ordinate and manage the system for us. Huge interest shown from industry. We've got an RFP going out now. We have seven ministries that are on a pilot project to try to go into a cross-ministry initiative where everybody can be on the same ICT system rather than everybody having their own silo or their own business. Really, I think that all these ministries are going to buy in and want measurement as one.

The Deputy Chair: Thank you very much.
Mr. Bonko, followed by Mr. Prins.

Mr. Bonko: Thank you, Mr. Chair. On page 283 of the Auditor General's report, 1.3, disaster recovery plan, the Auditor General points out that the department developed a disaster recovery plan for government data centres. How does the minister know that the plan works?

Mr. Ouellette: I guess I know it works because we had a bad go here last summer when Edmonton went down, and we quickly transferred all the ones that needed to be to the Calgary centre, and they never missed a beat. It wasn't a practice run. Edmonton went down. What's the name of the building all of our stuff is in?

Mr. Pellis: The Neil Crawford Centre.

Mr. Ouellette: Our Calgary data centre took it over. We only put Health and – what were the other ones?

Mr. Pellis: HRE.

Mr. Ouellette: Health and HRE, the ones that couldn't be down. They never missed a beat. That was very, very successful. Since then we've been upgrading a whole bunch of things to make sure that if that ever happened again, we've got more than one backup.

9:20

Mr. Bonko: Okay. This is kind of two-pronged: one for yourself perhaps with follow-up from the Auditor General as well. It states that there are requirements there, but they're not really clear as to why or why not. As for the Auditor General, is there personal or confidential information at risk, then, as well?

Mr. Ouellette: I'm going to pass this question over to David or the Auditor General.

Mr. Dunn: We'll let you start. Then I'm going to pick up your supplemental, though, on privacy matters.

Mr. Bass: The information that we're dealing with in terms of disaster recovery relates to the critical applications that are required by the government to be able to perform services and deliver its programs. What we do is work with the individual ministries to go through a process of prioritizing what their applications are and what their recovery times are so that we can end up ensuring that we've got the environment in place to support that. We also end up doing periodic tests with the ministries depending on the degree of risk that's there to ensure that the environment's really working.

With respect to privacy there are a few things that happen within the government. The minister spoke to a tool having been put in place to assist ministries in determining whether or not they need to do a privacy impact assessment, particularly when they're developing new applications or solutions. What that tool does is it enables them to assess what the likelihood is of there being a privacy risk associated with the solution and to conduct a privacy impact assessment to ensure that there are appropriate measures in place to address that. So that was one of the things that we did from the ministry side.

The other thing that's occurring currently is that there's a cross-ministry initiative that our ministry is collating with Government Services called protecting people's private information. That's doing a complete review of the policies and the principles and the practices within government on a government-wide basis to ensure that we have appropriate policies, processes, and practices in place to mitigate any potential loss of private and personal information.

Mr. Dunn: Then just to supplement that. What we look at is that the primary system has all the appropriate controls and protections there that were just described, that people understand what they want to save and keep protected and have the primary control. When you get to the secondary or the backup system, in order for it to be complete, it must have the same features and the same control features so that should you have the disaster the minister referred to and you have to go to your backup or your secondary system, you don't suddenly expose yourself to a lot of other intrusions that would not have been there if the primary system was working. So in order to have an effective backup, it must also have those same features and controls in place. That's what we look at to make sure that they are compatible, that you are not suddenly exposed to a greater weakness by having to go to the disaster recovery or the secondary system.

The Deputy Chair: Thank you very much.

Mr. Prins, followed by Mr. Chase.

Mr. Prins: Thank you, Mr. Chairman. I, too, want to commend the minister on the job that he's been doing in the last little while. I think this report is only on a partial year, and it is quite amazing to see how you could take a new ministry and deal with so many different things at the same time.

My question goes to page 9 of your report. Towards the bottom of the page you talk about the department having an "opportunity to look at business processes and practices," and in that section you talk about collecting bills. There's a significant increase in the collection of unpaid invoices and bills to the government. I'm wondering how this compares to the way the government did this before. It mentions Health and Wellness and, you know, student loans and these kinds of things. Are we collecting bills from people that can't afford it? How does it compare to what we were doing before, and what is the impact of this?

Mr. Ouellette: Well, I guess in some ways it's tough when you say: are you collecting bills from people that can't afford it? Our job isn't really looking at whether they can afford it or can't afford it. Really, we're just like a collection service. Other ministries give us delinquent accounts or accounts that are in arrears, and it's our job to go out there and collect them. Some of the increases that you see with these collections are that we went to an outsourced model. It used to be all done internally. Now we outsource quite a bit of it. We still have some internal, but we went from around \$4 million in '03-04 to collecting just about \$10 million in '05-06. I think we were up to 8 and a half million dollars or something in '04-05, in that period. A lot of that is just the expertise of outsourced collection people that went out and did the job for us.

Mr. Prins: Thanks. I guess I'm wondering if you chase every dollar or what the rationale is. How far down the list do we go when we're collecting from people that are delinquent? What does it do to our image as a government when we're out there trying to nickel and dime people when we seem to be a rich government and we might be going after these? Like, at what point do you cut it off and say, "Forget this; these bills are too insignificant"?

Mr. Ouellette: Well, I think that when we took it over, there was no such thing as cutting it off. I think you find that with government we're scrutinized so much, we're looked upon – and I guess it's the people from across the House's job to beat on us no matter what we do, whether it's the right thing, the wrong thing, or the indifferent. If it looks like they can gain some points, they're going to beat on us.

At one point in time I think the government, if there was 5 cents owing there, couldn't write it off because that's taxpayers' dollars and you had to no matter what. To me there was no common sense there. If somebody owed you \$50 and it's going to cost \$100 to collect it, they went after the \$50. We've just changed that policy, and we're in the process of changing it to the better. We're saying: look the thing over very closely. If it's \$50 that's owed and it's going to cost us \$100 to collect it, whether that's our own administration costs or whatever, let's write it off. Basically, what I'm trying to say is: let's use common sense whether we're government or not, the same as industry, the same as you would run your personal household. Let's try and use some common sense on how we collect these bills.

Mr. Prins: Thank you very much.

The Deputy Chair: Thank you very much.

Mr. Chase, followed by Mr. Groeneveld.

Mr. Chase: Thank you. The opposition recognizes those occasions when the government makes progress, but to quote Sonny Bono, the beat is on.

My question has to do with page 24 of the annual report under the area of secure access guidelines. Has there been any work to develop an online registration system for Alberta parks? The reason I ask this question is that this area constantly receives low scores on evaluation forms from visitors to Alberta's parks.

Mr. Ouellette: Parks is under Community Development. Would we be accessing that? Maybe David knows that because we do work for some of the other ministries in that.

Mr. Chase: I'm quite willing to be gotten back to on the matter.

Mr. Ouellette: I think that's not in our ministry at all. I know that there are parks out there right now where you can make reservations online, but we've had nothing to do with that. Now, whether Community Development did that or some of the provincial parks that have been privatized have done their own – I know that you can make reservations for provincial parks online today. We didn't have anything to do with it.

Mr. Chase: Right. I'd just ask you to look into the efficiency of the registration process.

Mr. Pellis: Maybe David could just talk about Alberta's computer access system which would tie into that.

Mr. Chase: Thank you.

Mr. Bass: What we are doing is we're working with a number of ministries to put in place a solution where we're able to electronically identify individuals as to who they are with some degree of certainty. Clearly, the degree of certainty which you need to have depends on the nature of the transaction that you're trying to deal with. We are actually working with SRD. It's one of the ministries that we're working on so that they can end up actually registering people to attend parks online and put it in that context.

9:30

Mr. Chase: Thank you. My supplemental: has there been any work done to evaluate linking the online reservation system with other accommodation booking services to improve Alberta's tourism industry?

[Mr. MacDonald in the chair]

Mr. Ouellette: That's really outside of our stuff, I think, Mr. Chairman.

The Chair: Yes. I apologize to the committee.

Mr. Ouellette: I think that question is outside of our stuff because it's about online parks registering. If you wanted to go camping this weekend, can you register online?

The Chair: Not that I'm aware of.

Mr. Ouellette: I think you can, but it's not in our department to arrange that anyway.

The Chair: No. That's fine.

Please proceed with your second question, Mr. Chase.

Mr. Chase: Well, it was on increasing the efficiency that I wanted to see in parks online registration.

Mr. Ouellette: So would you like us to talk to Community Development and say: can you look into this?

Mr. Chase: That would be wonderful, and if you could come back with their response, that would be very much appreciated.

Mr. Ouellette: Okay. We'll do that just for you, buddy.

Mr. Chase: Thank you.

The Chair: Thank you.

The chair again would like to apologize to all members in attendance. I was just bringing the vice-chair up to date on our plans for the meeting on June 6, which is outside the session. We're working to organize that meeting so that it runs smoothly.

Mr. Ouellette: I didn't mean to catch you off guard. Sorry, Mr. Chairman.

The Chair: No. That's fine.

Hon. minister, with any written responses that you have, if you could go through the committee clerk to all members, we would appreciate that.

Mr. Ouellette: Okay.

The Chair: Thank you.

Hon. Member for Highwood, please proceed.

Mr. Groeneveld: Thank you, Mr. Chairman. I'd like to congratulate the minister on his work from last year because starting up a department and getting it rolling is, I'm sure, trying at the best of times. I'm sure there must be a lot of trial and error in there, and I congratulate you on how it did go last year although you also, obviously, have some misgivings. Now, this is my rookie meeting, and as you can imagine, I'm extremely nervous asking a question.

Mr. Ouellette: Not near as nervous as I am in answering it.

Mr. Groeneveld: Anyway, it's on page 9 in your annual report under Summary of Key Activities. Most of those have been touched on, but I would like you to touch on some of those maybe to explain to us just a little bit how that has created some efficiencies in your business plan. Actually, there are short recommendations here. I don't expect a long-winded answer out of this, but there's some interesting stuff in there, and I'd like you to elaborate on some of that.

Mr. Ouellette: There's lots of interesting stuff in there. I guess some of the main key activities that create efficiencies and save some money are all the different ordering that we do for all ministries. Like I said in my opening statements, we look after 26,000 desktop computers. So instead of how it was at one time, with each department going out and ordering two for two desks they were setting up or whatever, we do bulk purchasing. We purchase for everybody at one time. You know, ordering in numbers gets us a lot larger discounts.

We've done print centre consolidations. We've contracted eight ministries with one vendor, for example. That saved them over 350 grand on that one deal.

A big thing we've done was put an RFP out for a procurement card that everyone could use. As you know, we really want to keep all of our procurement, all of our contracting very open. We want to create as much competition for Alberta companies as we can. In that particular instance, we went out for a procurement card, and the Bank of Montreal got the RFP. The Bank of Montreal came back with a card where they do all of our payments that we need, all that sort of stuff, and don't charge us a dime for it. The people where we buy the stuff on the Bank of Montreal card is where they make their fees. Plus, we actually get – I call them kickbacks; I don't know what anybody calls them – rebates by the amount that's procured on the Bank of Montreal card. You can tell us what kind of numbers, but 250 grand we did, I think, our first initial time, the first year, with that card just as kickbacks from the Bank of Montreal for using their card.

Unidentified Speakers: Rebates.

Mr. Ouellette: Rebates. Sorry.

Mr. Groeneveld: You answer the question the way you see fit, right?

The Chair: Thank you. Please proceed with your second question.

Mr. Groeneveld: Thank you. It's good to put some meat on the bone on what you've done here.

My second question. I would like to do a little bit of a complete switch on you because of the fact we always come back to SuperNet perhaps as the big issue for you people, and I realize we're talking about last year. I guess my question is: when you initiated this – and we talk urban and rural. When I talk rural, I really talk rural because I'm talking in my house on the farm. You know, right now if I take my computer home and plug it in, I'm quite akin – I think maybe Pony Express could do better at the turn of the century than we are right now. In your original plan, in '04-05, how far were you wanting to go with SuperNet?

Mr. Ouellette: You know, before this last shot that I was talking about, where I was saying that they're getting way better satellite technologies and stuff, we actually believed at one time that the best we could probably do was about 86 per cent coverage of Alberta because it's all line-of-sight stuff. It would just be way, way too expensive to go connect one guy out in the middle of the hills somewhere or whatever, but I'm not so sure now with this new technology on satellite that we won't be able to hit a hundred per cent. Actually, in your riding I'd be very surprised – you probably just don't know who it is, or they're not advertised or don't have their name out there – if you couldn't get on the SuperNet right now wireless in the area you live in.

Mr. Groeneveld: I think you're probably right. I'm just a little bit cheap going that route. I was just hoping the government would kind of dump that in.

Mr. Ouellette: Actually, I think you could get on there. You may not get video conferencing set up, but I bet you that you could get high-speed Internet for under a hundred dollars a month, for under \$60 a month, and you could probably get voice over Internet protocol and high-speed for under a hundred. To get into video conferencing, you might be into \$150 or so.

The Chair: Mr. Elsalhy, followed by Mr. Rodney, please.

Mr. Elsalhy: Thank you, Mr. Chair. My first question is from the statement of operations, which appears on page 35. It shows the 2005 actual as a net operating loss of \$12.3 million. That's compared to a gain of \$8.9 million in 2004. In the first time interval after the ministry was conceived, we were making money, and then in '05 we were losing or at least not collecting as much. I can probably attribute the bulk of it to corporate management, which appears on page 48, showing an overexpenditure of \$5.4 million. So that's my first question.

Mr. Ouellette: I'm going to say that it was money, I think, paid out to SuperNet. I'll have Brian actually respond on this one, he being our financial genius.

Mr. Fischer: Thank you. In '04 we received additional monies for Alberta SuperNet in the internal government transfers section, on that line. As SuperNet was nearing completion in '05, we needed less money than we received in '04, and that's the reason for the major difference.

Mr. Elsalhy: So, just quickly, we would think that this trend is not going to continue then.

Mr. Fischer: No.

Mr. Elsalhy: So you're trying to break even then.

Mr. Fischer: Yes, we are.

Mr. Pellis: The other component of your question was around the increase in the ministry corporate services. The reason for that is that the corporate chief information officer transfer occurred in-year, so there was not an opportunity to transfer the budget. What we did is that we carried the costs in our ministry, showed the overexpenditure. Innovation and Science held the budgeted funds aside. They showed an underexpenditure.

9:40

Mr. Elsalhy: My second question to the hon. minister is with regard to the contracts and grants. It shows on page 1228 of that blue book that there was \$144,261 for the law firm of Fraser Milner Casgrain. It's over \$100,000. One, was it tendered, and two, are we suing somebody, or are we being sued?

Mr. Ouellette: I never, ever look at the blue book. I'm not even exactly a hundred per cent sure what the blue book is for, to tell you the truth. But it's hard to pull somebody off that blue book and say what it was for because I imagine there are a whole pile of contracts in there or numbers. We can find out for you whether it was RFPed or not. We can find out for you as long as it's legal for us to tell you the information on what it was for. It could be for anything probably. Hopefully, we're not being sued, though, or weren't. If you know what it's for, we may not have to do it in writing. Maybe somebody here knows what that particular one is for.

Mr. Pellis: Yeah. First of all, the dollars spent with Fraser Milner Casgrain were not for anybody suing us or us suing anybody. They were our primary solicitors for the SuperNet agreement between ourselves, Axia, and Bell. Their services were commissioned to us through Alberta Justice, and it's my understanding that they do follow a competitive process.

Mr. Elsalhy: Thank you.

The Chair: Okay. Thank you for that.

Mr. Ouellette: Now we don't have to get back to you.

The Chair: Mr. Johnston, please.

Mr. Johnston: Thank you, Mr. Chair. I only have the one question. It will take us to your annual report 2004-2005, page 9. If Restructuring and Government Efficiency had its own collections unit providing services to any ministry that requires them, why are these services being outsourced?

Mr. Ouellette: You know, not that I'm trying to knock anything that our government employees do. We've got damn good government employees, and they work very hard in most cases for all of us. Collection agencies: most of them have been in the business for a hundred years. They have the expertise. They've got all the people trained. They've got everything in place already to go out and do the job. I believe that when you have industry out there that's capable of doing something and they have all that expertise, why do we have to have a complete training unit and a complete set of people to do certain things when we have professionals out there that we can just outsource it to and get it done?

Mr. Johnston: Thank you.

The Chair: Mr. Chase, please.

Mr. Chase: Thank you very much. On page 287 of the Auditor General's report, government of Alberta central information technology environment, user awareness of information security responsibilities, the AG points out that

the security awareness training program is to ensure that all users with access to government information and systems understand the key elements of information security, its importance, and their personal information security responsibilities.

That's on page 287. How does the minister know that personal information is secure?

Mr. Ouellette: First of all, we have a lot of people within our ministry that work diligently all the time on strictly making sure that they train everyone. We actually have a training program that government employees can take online to train them on how important people's privacy and security and stuff is. It's probably been a year already since I've done this, but I went walking through our department buildings. You can imagine how much office space we have with 1,150 employees. There were people actually sitting at computers all day long that do nothing but intercept spam, for example. I think we do something like 7,000 spams. Is that a day or a week or a month? It's 7,000 spams they intercept per day. At the same time they're looking for anybody trying to hack into our system. We've got an abundance of people there doing exactly what you asked: stopping it. Can you guarantee that you're always going to be able to stop every type of hacker or whatever? There always seems to be a better mousetrap in everything, so there becomes a better criminal mind, I guess. But we're trying to keep people there that head that off before it ever gets into our system.

Mr. Chase: Well, my supplemental is along security lines again. Without whistle-blower protection how can Albertans be confident that senior government officials are not breaching the policy? In other words, would you welcome whistle-blower protection for your ministry employees?

Mr. Ouellette: I think our employees are very professional. I don't think they're afraid of anyone that works within our ministry. I think they know that my door is always open, and they all have my telephone number. Anyone can come and speak to me at any time without having to worry about anybody else in our department giving them a hard time. I believe that our ministry runs a very open, transparent ship. I don't think we need whistle-blower protection, myself.

The Chair: Dr. Brown, please, followed by Mr. Elsalhy.

Dr. Brown: Thank you, Mr. Chairman. The question I have relates to the minister's report, page 14, where it's discussing the fact that the revenues were lower than budgeted. Right below that it talks about: "Dedicated revenue decreased by \$3.8 million due to reduced service demands from RGE's ministry partners." I take it that that's a cross-ministry provision of services. I wonder if the minister could advise me why that number is off. Is it the result of better efficiencies or redundancies or cutbacks?

Mr. Ouellette: I'd like to be able to say that any time you see anything less in our department, it's because of the great staff we have finding efficiencies and cutting money out, but I can't say that right now for sure.

Dr. Brown: Excuse me, but while we're talking about it, isn't it a reduced demand for your services by other departments?

Mr. Ouellette: Yes. That's what we are talking about. I can't tell you for sure if that's because they've just gone out and gotten somebody else to do the job for us or if it's services they no longer needed. One of the things that we ourselves tried to do as shared services when we changed the name from ACSC and stuff is that we will not be making people do business with us. They only are going to do business with us because we can save them money; we can do a better job for them. If they can get a better job done somewhere else or cheaper, that's where they should be going.

Cathryn may know this particular question you asked. Do you know why this particular number is down?

Ms Landreth: I'm just looking at it really quickly.

The Chair: You can provide a written response through the clerk to all members if you would like as well.

Ms Landreth: I think my quick read on this is that we had a decrease in one area that was greater than the increase in another. We did actually have an increase in our service provision demands from ministries, but there was a decrease in costs associated with IT. We can provide that clarity on that.

The Chair: Thank you very much.

Dr. Brown: I guess the supplemental question just related to that is: how do we know that these departments aren't just internalizing the costs that they originally gained some economies in by going to Restructuring and Government Efficiency? How do we know that they're not internalizing it because they like to do it in-house again?

Mr. Ouellette: You've got to remember that there are tons and tons of stuff that we do as Restructuring and Government Efficiency that isn't in-house. We outsource a ton of our work. What we're doing is doing all the legwork for them to find the deals. I guess a really

simple explanation would be that when you need something done, lots of times you'll hire consultants for expertise. We have that expertise in-house in Restructuring and Government Efficiency.

9:50

The Chair: Thank you.

Mr. Elsalhy, followed by Dave Rodney, please.

Mr. Elsalhy: Thank you, Mr. Chair. Very briefly to the hon. minister with regard to shared services. Do you anticipate that the expenditures on shared services are now going to go up because of the new associate minister of infrastructure?

Mr. Ouellette: No, not at all. We keep working all the time on trying to bring all of our costs down. Compared to the old '04-05 time, some of the stuff that we're in the process of doing now – actually, this kind of carries on with Dr. Brown's question – is changing a lot of the dedicated revenue over to our own budgeting, the reason being, really, that there wasn't a whole lot to hold all of our officials or us to the fire when all we had to do every time a ministry asked us to do something was just bill them. We could bill them basically whatever we wanted, right?

Now what we've done: shared services have been around for about five years. We're saying that our experts know better exactly what it's going to cost for what that particular ministry needs in a year in his mail delivery, in his copying, in his desktops, in his whatever. We're saying that instead of dedicated revenue we'll guarantee all these ministries that we can do all that work for them for X amount of dollars. If there are any extras, like if there's any type of pandemic or if there's avian flu or if there's BSE – for example, even on an avian flu, if Health comes to us and says, "We need a mail-out," that mail-out would be over a million bucks. Somebody's got to pay for that.

The way we do it today was dedicated revenue. If we have a deal with Health that your normal business is this much money, if you come to us for an extra, we're going to give you a price for that extra. If you want, go out to the marketplace and see if you can get it done cheaper and just as fast. And there are times we may have to tell them to go to the marketplace because we might not be able to keep that many extra people around. We want to run lean and mean if we can, and we should be able to because, as you know, government, our offices and stuff, is all paid by Infrastructure. We'd better be able to do better than the industry, or we're not doing our jobs right. Those are some of the things that we're changing to make sure that we can guarantee those efficiencies.

The Chair: Thank you.

Your second question, please.

Mr. Elsalhy: Yes, and I might not have enough time, so I'll put it on the record, please, and a written response would be great. Again, in the grants and contracts on page 1287, \$33 million was spent at IBM Canada Limited, which is most likely for SuperNet, so we know that IBM was one of your partners. How much of this money stayed in Alberta if we know? How much was spent in rural versus urban communities? Where was the split? Were contractors, in fact, brought from outside the province, or was that work, you know, mostly conducted in Alberta? Then IBM Canada is a subsidiary of IBM U.S., so how much of that money stayed in Canada?

The Chair: Excuse me. That was a record for questions.

Mr. Elsalhy: Sorry. Yeah. I apologize, but thank you.

The Chair: If the minister could look at this and provide a written response through the clerk to all members, we would be grateful.

Mr. Rodney, please proceed.

Mr. Rodney: Thank you very much. I've been eagerly anticipating the opportunity to ask the fine minister a question although he may not like my question. On page 13 of your annual report, sir, under Expenses - Directly Incurred there's a line on ministry support services, and it indicates that there was an increase from \$1.6 million, the 2004 actual, to the 2005 actual of \$6.6 million. Obviously that's – what? – a \$5 million increase. Now, this is not a loaded question at all because I know that with our little agency that I'm in charge of, it's \$100 million, and sometimes things look very different. I'm guessing that there's a pretty good return on investment here, but can you tell us what happened for the increase in the budget from \$1.6 million to \$6.6 million?

Mr. Ouellette: What really happened there was the transfer of the chief information officer over to us, and all of that stuff just came with it from Innovation and Science.

Mr. Rodney: Gotcha. So that's better streamlined.

My only supplemental, obviously, Mr. Chair. On the same page, Mr. Minister, there's a loss reported as a result of disposing of some of the capital assets. I'm going to the third-last line on page 13, \$1.3 million. I'm just wondering what the loss was and what was sold for that amount of money.

Mr. Ouellette: That's SuperNet replacing our old system, which was called the AGNpac. The AGNpac, basically, is getting decommissioned and disposed of. I mean, it's outdated. It's old. It's junk. It's not worth anything, so you have to write it off.

Mr. Rodney: Gotcha. Thank you very much, sir. Good luck to you and your department.

The Chair: Thank you.

Mr. Griffiths, you have a question that you'd like to get on the record.

In light of the time, hon. minister, if you could provide written responses to the committee members, we would be grateful.

Mr. Ouellette: Oh, it'd only take me a half a second to answer Doug.

Mr. Griffiths: Oh, yeah. Mr. Minister, I appreciate your candour in answering questions. Quite frankly, I think you go out of your way to try and provide as much detail and information, and it's appreciated by this committee.

There are three types of performance measures. This is a slightly different question. There are satisfaction surveys, and when it comes to hooking up the SuperNet, you can ask your communities: are you happy with the SuperNet connection? More meaningful measurements on inputs and outputs would be: here's how much money the department spent; here's how many communities or schools or hospitals were hooked up. But the really meaningful measurement is outcomes. I'm wondering if your department had any measurements or plans on having any measurements to determine whether hooking up the SuperNet in a school or a hospital actually paid some dividends to taxpayers and to the schools and hospitals in providing services. That's the meaningful measure.

Mr. Ouellette: I'm going to have somebody here comment on how they've actually written up the new measurement and how we're measuring. I'm 100 per cent with you. I believe that outcomes are better than anything. I can tell you of outcomes even from a pilot project that the Red Deer Catholic school board has been doing with SuperNet between Rocky Mountain House and Red Deer. They say that it's been unbelievable. I actually went there and saw this with my own eyes. There was a class being taught in Rocky Mountain House with the teacher sitting in Red Deer, and they're saying that it's unbelievable. That's a great outcome, I believe. How you actually put that on paper to measure it I'm not sure.

Mr. Griffiths: Good. Thank you.

The Chair: Mr. Chase also had a question, and you were going to read it into the record on his behalf, Mr. Elsalhy. Two questions.

Mr. Elsalhy: Here it is. The Alberta Corporate Service Centre is using analysis called primary utilization factor as its main efficiency evaluation tool, which is on page 20 of the annual report. Can the minister please provide us with a brief description of that primary utilization factor and describe why he chose to use this evaluation tool for the costing initiative?

The second question would be: given that public-sector management is a balance of efficiency while still serving the necessary broad range of public services, how does PUF weigh the costs and benefits of efficiency versus public good? That's for a written response.

The Chair: If a response in writing could be provided, in light of the time we would be very grateful.

Mr. Ouellette: So we're out of time?

The Chair: Yes.

Mr. Ouellette: Yeah, I don't mind at all just because you're such a good chair. Really, I had told my guys before we came here that

we'd better be able to answer every question without any of that written nonsense. I guess I was wrong because I have to abide by the chair.

The Chair: Well, we appreciate the hon. minister – both yourself and your staff – and your time and your attention this morning. We wish you the very best in the next fiscal year, and hopefully we will see you again next year. Again, the very best to you. Please feel free to go because we have a couple of other items to discuss.

Mr. Ouellette: Thank you very much for your time.

10:00

The Chair: Now, hon. members, item 5 on the agenda this morning, Other Business. At this time I would like to give you an update on the attendance at the joint Conference of Legislative Auditors and the Canadian Council of Public Accounts Committees in Charlottetown, P.E.I. This meeting is the second week in September, and I would advise the committee that we passed the following motion last week:

The chair or his designate, the deputy chair or his designate, and the committee clerk be approved to attend the Canadian Council of Public Accounts Committees conference.

I would like to advise you at this time that Mr. Griffiths and myself will be attending. We're tentatively setting up a schedule for that. And Corinne. The three of us. So we will keep you updated on that. Is there any other business? Mr. Lindsay.

Mr. Lindsay: Just a motion to adjourn, sir.

Mr. MacDonald: Okay. Before we have the motion to adjourn, I would like to remind all members that the hon. Mr. Gordon Graydon, Minister of Gaming, will be here next week, Wednesday, May 10.

Moved by Mr. Lindsay that the meeting be adjourned. All those in favour? Thank you very much.

[The committee adjourned at 10:01 a.m.]