

Title: Monday, March 22, 1999 Subcom. A: Provincial Treasurer

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8:02 p.m.

[Mr. Severtson in the Chair]

Subcommittee A - Provincial Treasurer

Gordon, Judy, Chairman
Severtson, Gary, Deputy Chairman
Bonner, Bill
Boutilier, Guy
Burgener, Jocelyn
Cardinal, Mike
Ducharme, Denis

Dunford, Clint
Friedel, Gary
Hierath, Ron
Jacques, Wayne
Johnson, LeRoy
Lougheed, Rob
Mar, Gary

Marz, Richard
Massey, Don
Oberg, Lyle
O'Neill, Mary
Pannu, Raj
Sapers, Howard

THE DEPUTY CHAIRMAN: We'll call the committee to order. We'll call on the hon. Provincial Treasurer.

MR. DAY: Thank you, Mr. Chairman. Before proceeding, my first order of business is to table the '99-2002 Treasury ministry business plan. The document contains the business plans of various entities that form part of the ministry. I know that members are going to want to excitedly pour through these documents if they haven't already. We have yet to have requests for the video short form. But it is very exciting, I believe, to see the state of the economy in Alberta in general and the fact that our books and the way in which we handle business with and through Treasury is acknowledged not just here in the province but nationally.

I was in British Columbia on the weekend - not at taxpayers' expense - and it was interesting doing some of the reading there about their recent Auditor General's report, of which we've seen a lot of coverage, casting some shadows and possibly some aspersions on a budget that was tabled in B.C. I'm sure you're all familiar with the story before and in concert with their last election, which may well be their last election as I'm told. The Auditor General there referenced other jurisdictions and specifically mentioned Alberta as a jurisdiction to which other provinces could look, should they so choose, in terms of choosing to follow certain practices, certain openness, certain accounting practices, certain transparent methods which Alberta has chosen to use in terms of dealing with public funds.

I won't go on at great length because I know my critic and others have some good questions and as usual, I hope, some good suggestions. But I think it's encouraging and it's affirming, especially to the public servants who work in Treasury and lead and guide the entire process. It is an affirmation of the work that they do, and I think that should be acknowledged right on down from the deputy, Al O'Brien, who, I will have it recorded in *Hansard*, is leaving after something like three decades of dedicated public service, serving under I believe five different Treasurers at different times, and conducting himself with a standard of professionalism, integrity, and excellence which has become recognized not just nationally but in fact internationally and certainly within our own province, with him being the recipient of the Lieutenant Governor's award just last week. So I certainly want to acknowledge that.

Next year, if everything goes well, we will be able to similarly acknowledge the new deputy. If the department has stayed on track and the books are in line, we will give a similar glowing recognition to Peter Kruselnicki. We are definitely looking forward to him assuming the reins in full when Mr. O'Brien has left for the last time. I think May 1 is his official departure, but more and more the new upcoming deputy is taking charge and assuming the great responsibilities that go with this department.

I just want to acknowledge all members of that particular department. To be noticed and to be commended from other Auditors General is a high honour and esteem, and it certainly gives all of us a sense of pride in working with that great Alberta Treasury Department.

Having said that, I'll just close with an interesting thought. That is that though our budget quite properly always comes under criticism from the opposition - and so it should - the fact is that for years, up to and including this year, it continues to be criticized for its ability along the lines of how we do projections and assumptions and other things.

I understand there will be a story out tomorrow, if there isn't some recognition of it already today. It'll be in the newspapers tomorrow that at least one international rating agency has already given us notice of a possible - and I underline the word possible - upgrade, which would be a wonderful thing, and they don't do that because a government is running things shabbily, Mr. Chairman. Whether that will be their final estimation, we have to wait. It usually takes a few months until it comes out, but when they give notice of a downgrade, it usually follows with a downgrade. We hope that as they continue to view the Alberta scene, they'll see fit to also reflect an upgrade in terms of how things are moving along here.

So I could talk, as my critic knows, for hours and hours about the wonderful things that are going on in this province, but I want to hear his comments for hours and hours and hours. So to allow time for him and others, I will sit down and listen intently.

Thank you, Mr. Chairman.

THE DEPUTY CHAIRMAN: The Member for Edmonton-Glenora.

MR. SAPERS: Thanks, Mr. Chairman. Thanks, Mr. Treasurer. I think that's the briefest introductory comments in estimates for Treasury, and we do appreciate it. As you know, one of the enduring concerns we have in the opposition is not enough time. I have some general comments, and I have a number of specific questions. One thing that I will certainly acknowledge right off the bat is that you've been very good at returning written responses to questions for ones we don't get to in debate. I trust that that practice will continue, and I do appreciate it.

My congratulations as well to staff in your department. With the many criticisms I'm called upon to offer, I'm not often called upon to offer bouquets, and there's been some fine work done in your department. I join in the good wishes to Mr. O'Brien as he pursues his retirement.

The one major concern that I have this evening to start with, though, has to do with the supplementary business plans that were just tabled. There's a little bit of irony here because - and we've talked before and we've talked sort of at each other on some of the press that went around the budget process. You know, with all of the prebudget announcements and all of the stuff that came out ahead of the budget, it sure would have been nice if we had seen the

business plans before just moments ago. This is our major kick at reviewing your department's plans and spending estimates, and the supplementary business plans which you just tabled: the Insurance Council, Municipal Financing Corporation, Alberta Pensions Administration Corporation, Alberta Securities Commission, Alberta Treasury Branches, Credit Union Deposit Guarantee Corporation, N.A. Properties, and probably others as well.

We're talking about some pretty significant interests, assets, and operations of government. They were tabled; they're still not delivered here. We had asked for them earlier and were told that the earliest we'd be able to see them possibly would be at 8 o'clock tonight. Mr. Treasurer, through the chair, I'd simply ask that you put some effort into getting those supplementary business plans out when the budget itself is tabled, because you do know how closely on the heels of the budget presentation the committee process begins. We want to take seriously our job of helping you do just the best job you can do, and the only way we can do that is if we get the information so we can scrutinize it and prepare our questions accordingly.

The other I guess introductory comment I have in the way of a concern is that throughout the budget - and this is more to the budget than your estimates, I know - there's a change in presentation in at least two areas. Those two areas have to do with the way the estimates for the lottery funds are and also the move from one vote for capital and one vote for operating to a consolidated vote for both. In my estimation, the effect of these two changes means less transparency and less accountability in this Chamber for the spending of department heads. I would much prefer that we deal with the lottery funds as lottery and we never, ever run the risk of seeing those lottery funds as the same thing as general revenue. And I would much prefer that we have the two votes. Then if a minister wants to make the change between capital and operating he can do so, and the supplementary process we can follow allows us the scrutiny that I think that kind of change deserves.

8:12

Mr. Treasurer, thanks as well for the reference to British Columbia, because I've been watching that all unfold with great interest. I'm glad that you mentioned it here this evening. The other day when we were in this Chamber in subcommittee examining the estimates of the Premier, of Executive Council, we were constrained by the chair and told to rein in our comments specifically to the estimates. It was nice to see that that prohibition seems to be relaxed a little bit tonight. So if for no other reason, I was happy that you raised British Columbia, because of course that gives us an opportunity to talk about some other points of comparison as well.

The budget document, as always, was something that I eagerly anticipated, and I tore open my copy and rushed to read it. In fact, I was invited to the lockup, which is an innovation here in Alberta where opposition critics are allowed into the lockup with staff. That was a good thing. Unfortunately, I must say that I still felt treated a little bit like the unwelcome cousin at a family gathering. Mr. Treasurer, you and I will have an opportunity, I hope, to talk about that process and how we can improve it for us and our staff, because I don't think it was necessarily the most pleasant experience. There are some issues there, and certainly I think we've now proven that we're trustworthy, at least for those couple of hours. So we can chat about that.

When I had a chance to look at the budget document - and, Mr. Treasurer, you can well anticipate this - I immediately turned to all of the performance measures. You know that that's a pet issue of mine, and I see improvement. One of the issues that was raised last year in debate was the lack of consistency between and amongst

departments. Unfortunately, that's not an area where there has been improvement; there are still various methods of presentation. I would hope that perhaps with Treasury taking the lead, a standard form of indicating strategies, outcomes, and the measurements that will be utilized will be put into practice right across departments.

One thing that I did like, Mr. Treasurer, about your business plans is that you discovered this little icon. I don't know which word processing package it's in, but it's a little symbol that indicates where things can be linked back to the growth summit. That is certainly something that would have been nice to see across government. If there was an opportunity, what I would hope is that when we see the quarterly updates, we may also get some quarterly reporting on those growth summit related performance measures. It seems to me that you've gone to a lot of trouble to identify those, and I'd like to be able to follow them through.

One of the performance measures that I wanted to draw attention to just happens to be in front of me here, so I'll do it a little bit out of sequence. In goal 3 on page 327 of your business plan there is a performance measure that has to do with "a fair, competitive, and simple . . . tax system," and it's the utilization of electronic means of filing and providing information under the general heading of e-commerce. I note that your target is to have 15,000 businesses using the e-commerce method by the end of 1999, by the end of that tax year. I had no ability to put that particular performance measure into any kind of a context, because I don't know what percentage that 15,000 represents. I think it would be a more useful measure to express that as a percentage, and then we can also see some change year over year, you know. As the number of businesses will wax and wane in the province, we can still see whether or not the e-commerce initiative is moving in the right direction. So that was just one.

Another set of performance measures that I was interested in and that I turned to - actually I have to be honest; I sought out this page first - was goal 6, "quality financial services to Albertans through Alberta Treasury Branches, Alberta Municipal Financing Corporation and Alberta Pensions Administration Corporation." I was looking for some clue, I was looking for some hint here as to what the future may hold for Alberta's Treasury Branches. That hint was not forthcoming, so you can imagine my disappointment. It is a well-crafted statement of performance - I believe it's word for word from last year - and yes, that is consistent, but it may not be the most accurate just in terms of all those things that are happening with Alberta Treasury Branch.

You know, when we see newspaper reports of other financial institutions anticipating changes with Alberta Treasury Branch, I guess I would have expected to see a little bit more detail. If not giving away all the family secrets, I just would have expected a little bit more detail about how the changes might be measured and the kind of results that would be sought if there was going to be a change in the status of the Alberta Treasury Branch. So not even necessarily a statement saying that, yes, we're going to divest or we're going to privatize or we're going to do an initial public offering or we going to roll it into the credit union system or we're going to maintain the status quo, whatever, but just some indication in the performance targets in terms of what principles or what sought-after outcomes would guide that decision-making.

Mr. Treasurer, some specific questions I have for you, and time is a-wasting. There are \$118.7 million in statutory appropriations right now that aren't voted on by the Legislative Assembly. This includes \$20 million in corporate tax refunds, nearly \$5 million in expenses through the farm credit stability fund, an \$81 million payment toward the unfunded pension obligations, \$13 million in provisions set aside for valuation adjustments, and perhaps some other provisions for bad loans, guarantees, et cetera. There is no or little

information in your department's business plans for the period 1999-2000 to 2001-2002 on the plans for those operating expenses and capital investment by program and subprogram areas. Now, this was done in the past I believe as recently as 1995, and then there's been a change. I don't know why that change in presentation. I didn't see anything, and I was trying to understand it. That, again, would help us.

There is some information presented in the consolidated income statement, but there's no comparability beyond the 1999-2000 year, and that's a bit of a problem. You've gone a long distance I think in terms of realizing the government's commitment to stable planning. We still have some disagreements over what else could be done or should be done, but I don't think anybody could argue that there hasn't been some effort. In order to emphasize that commitment to fiscal planning, it may be advisable to present comparable three-year projections for the ministry and department between the main estimates and the three-year ministry income statements found under each of the business plans. That would just be, I think, a little bit more transparent and a little bit easier for us all to follow, particularly us nonfinancial types.

8:22

I would also be interested, Mr. Treasurer, if you can explain why the Alberta Treasury business plan does not provide this expense profile by program. While you're doing that, perhaps you can let us know about a breakdown of departmental expenses by object for the 1999-2000 business planning cycle going through to 2001-2002. If you can provide us with a breakdown of departmental expenses, we'd be interested in seeing the projections for salaries, wages, employee benefits, travel expenses, advertising, telephone and communications, contract services, and posting.

I want to move ahead to the Deputy Provincial Treasurer's office. No, I don't; I'm sorry. I answered that question for myself.

Under line item 1.0.3, financial and support services, I note that we're being asked to vote on operating expenses of \$2.11 million. This represents a 27.4 percent increase over last year's budget and an actual increase of 14.7 percent from the previous year's forecast. Will the Treasurer explain why financial and support services is receiving this additional \$454,000, this 27 percent increase from the previous year's comparable estimate?

Mr. Treasurer, why did financial and support services exceed its '98-99 budget by over 10 percent? I believe the excess was \$181,000. I'm interested to know what activities are planned in financial and support services in the coming budget year to justify the increased expenditure level. What outcomes, outputs, efficiency measures, and quality indicators have been established to monitor the performance of the financial and support services division? How much of the financial and support services budget deals with the preparation advice and ongoing monitoring by Treasury of the three-year business plans of government departments and agencies, the development and monitoring of accounting structures, procedures for departments for banking services, and the ministry's own deregulation initiative?

Still in program 1, Mr. Treasurer, under line item 1.0.6, records management, I note again a relatively substantial increase. I believe that it's in the neighbourhood of 36 percent from this year to last, or approximately \$134,000. Will the Treasurer explain the reasons behind the \$134,000 expenditure increase for records management in 1999-2000? I'm assuming that part of the answer will be increased demands on the Treasury Department because of freedom of information requests. I'm also assuming that there may be some Y2K aspect to this. But with both of those expected answers in mind it still doesn't satisfy my question regarding the lack of planning for those two contingencies. It's not as though

the freedom of information regime was any surprise to the Treasurer or his department, nor by last year certainly was the coming millennium any surprise to anybody. In fact, I know that it's been on the Treasurer's mind. I'm hoping that he'll invite me to join him when he travels down to Seattle to visit Mr. Gates. I'd like to be present at that meeting.

In any case, if the 36 percent increase is primarily because of those two issues - and I expect that may be the case - what steps have been taken to make sure that they've been adequately prepared for this year? I don't see any slowdown in freedom of information requests, and I'm sure that the work hasn't been completed on resolving the Y2K issue, so I would hate to see another 35 to 40 percent increase next year for the same reasons.

Dealing with records management still, I'm wondering if the Treasurer can tell us what outputs, outcomes, efficiency measures, and quality indicators have been established for records management to measure the results received during 1999-2000. [Mr. Sapers' speaking time expired]

THE DEPUTY CHAIRMAN: Your time is up, hon. member.

MR. SAPERS: Is that it?

THE DEPUTY CHAIRMAN: That's it.

MR. DAY: Ask for unanimous consent to continue.

MR. SAPERS: May I have unanimous consent to continue?

SOME HON. MEMBERS: No.

THE DEPUTY CHAIRMAN: I'll call on the hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thanks, Mr. Chairman. I'd like to add to the number of questions that are being addressed to the Treasurer as we go through the estimates this evening, and I wonder if I could start with vote 1.0.7, the communications budget. The 1999-2000 gross operating expenses of \$435,000 represent a \$13,000, or a 3.1 percent, increase over the previous year's comparable budget of \$422,000 and a \$20,000, or 4.8 percent, increase over last year's comparable forecast. My questions are, I guess, related to the examination we had of a similar area in Executive Council late last week, and that is: what relation is there to this budget and the other communication budgets in the government? Is there a totaling of all those budgets?

I noticed that the Premier said that he had seven individuals in the public affairs department involved in communicating, answering questions concerned with government public relations, and I wonder what the link between those functions in various departments was. I guess some of the specific questions in terms of vote 1.0.7 are: what are the initiatives and what are the activities that are being undertaken within communications that require \$435,000 in expenses during the 1999-2000 fiscal year? What things do these communication individuals do that require such an expenditure?

The question that my colleague from Edmonton-Glenora raised about the other sections of the budget is: what are the measures that are in place and the indicators and benchmarks that have been set so that we can have some indication of whether that money is being well spent and the benchmarks and the indicators are being used to make sure we're getting full value for the expenditures?

Going back to my question about the communications group, how many full-time equivalents are there in the communications division included under vote 1.0.7?

How many were in there in 1998-99? What's the projected level for 1999 and the year 2000? Can we get some indication of how many of these are full-time positions and how many part-time? Are there contract positions involved with the work of the communications division? Those are some of the specifics.

8:32

The communications people I think play a very sensitive role within government. Is the independence of communications division people in terms of public servants ever a problem, where the communications people are placed in a position where they may be compromised given the task of sending out a government message that may, for lack of I guess better words, not be completely open? It's a question, I think, that arose last election: the role of some government employees in election campaigns, in running some election campaigns, particularly people from the communications area, their involvement in campaigns, and how they maintain their independence. I assume that most of them are professionals, and it's not a problem. I'd be interested in the Treasurer's comments on the difficulty that they could find themselves in in trying to fulfill their obligations in the communications department.

I'd like to know if the Treasurer could provide us a breakdown of the \$435,000 communications budget for 1999-2000 by object; that is, the salaries, wages, benefits, travel expenses, transportation, maintenance, clients, advertising, those kinds of expenses that the communications division are involved in incurring. Could the Treasurer indicate how much of the communications division budget is devoted to public relations consulting services and how much of that budget is devoted to graphic design and to print production, those two activities of the communications division? So some general and then some rather specific questions about vote 1.0.7, the communications budget.

Closely related to that, if I could, Mr. Treasurer, go back to 1.0.4, the human resource services budget and ask: why did human resource services exceed its budget by \$79,000, or close to 30 percent, in 1998-99? Can the Treasurer explain why human resource services is experiencing a \$126,000, or almost 48 percent, increase in expenses from last year's budget of \$264,000? Could we have some indication of the activities that human resource services will be undertaking in 1999-2000 to justify increased expenses?

I'd be interested if the Treasury, like Family and Social Services indicated last Friday morning, has a long-term human resource development plan in terms of making sure that there are people to take up positions and that losses in the department expertise are going to be accounted for in the long run. So is there a long-term human resource plan that can be shared with us?

Again in terms of human resources, what are the efficiency measures, what are the kinds of indicators that have been used by human resource services for 1999-2000 to assess the effectiveness of the new expenditures? It goes back to my previous question in the previous vote. How are we going to know that the money we are expending in these areas, the planned expenditures - how will we know at the end of the day that taxpayers are getting full value for those expenditures?

Related to the question about the human resources plan, could the Provincial Treasurer provide an update of the role of human resource services in identifying redeployment opportunities, helping with career counseling and training and retraining? Given that the number of full-time equivalents in the Treasury department is projected to increase by nine positions in '99-2000, could we have some indication of what that increase means in terms of service?

MR. DAY: What number is that?

DR. MASSEY: Human resource services, 1.0.4. Could we have an indication of the attrition in the department? Were separation payments necessary for the restructuring that's anticipated for 1999-2000? Were there separation payments that had to be made to make way for that kind of planning? So those are questions about human resources and communications.

I have some questions about the standing policy committee on financial planning and human resources. There's an increase in this budget. This is line item 1.0.8. Could the Treasurer tell us just to what extent, if any, the standing policy committee is involved in reviewing the three-year business plans? Is there a role for them in reviewing? Do they get to approve the three-year business plans? Just exactly what is their position vis-à-vis those plans?

What is the nature of the reports prepared by the standing policy committee on financial planning and human resources to the Treasury Board relative to evaluating the three-year plans? It's related to the previous question. What is the mechanism, the linkage between Treasury and the standing policy committee? What about the standing policy committee reports on the three-year plans? Have there been reports in the past that Treasury was given on the standing policy committee review of three-year plans, and could the Treasurer share whether that's been the case or not?

What role does the standing policy committee on financial planning play in the monitoring of ministerial business plans on a monthly or quarterly basis? Do they receive year-to-year reports from ministers to examine? Some of these questions go back, if I may, to comments by the Auditor General. The Auditor General under Executive Council took the opportunity to devote a great deal of ink to business plans and particularly client satisfaction and some of the performance measures. The Auditor General has indicated that though progress has been made, he had a number of concerns about the business plans, and I wondered in this case what role the standing policy committee on financial planning and human resources had in monitoring the business plans that might move the departments in the directions that the Auditor General marked out in his review of Executive Council. Those remarks in there were meant to apply to all the ministries, not just to Executive Council.

8:42

Again, what role does the standing policy committee on financial planning play in the evaluation of quarterly budget updates? Are those updates reviewed by the committee? Are they vetted through the committee? Just exactly what is the role of the standing policy committee? What performance indicators and again outputs and outcomes and performance measures have been used to measure the success of the standing policy committee in fulfilling its goal and objective of consulting with Albertans on public policy? That is, how does the standing policy committee measure its own success? Does it look at itself and its success or lack thereof and do some sort of evaluation?

There are a couple of other specific areas that I wanted to look at. Regulatory reform, line item 1.0.9, some of the items there. In 1999-2000 operating expenses of \$142,000 represented a \$20,000, or 12.3 percent, decrease from the previous year's comparable estimate of \$162,000, but a \$17,000, or 13.6 percent, increase from the previous year's comparable forecast of \$125,000. This is a function that Treasury took over from Economic Development and has acquired.

So some specific questions. Can the Treasurer explain the reasons for the \$37,000 difference between the 1998-99 budgeted expenses under regulatory reform and the 1998-99 forecast of \$125,000? Where are the regulatory review work plans and summaries? Where would we find that information? Is it included in the business plans for the ministries? The ones I've looked at - and I have to admit that

I haven't been through them all - don't seem to have that information. So where would we find the work plans for regulatory review and again the summaries?

How many regulations under Alberta Treasury were scheduled for review in 1998 and 1999, and can we get some indication of the extent of the activity? How many were repealed, re-enacted with amendments, or deferred, and is there a schedule? What is the schedule, if there is one, for regulatory review of Alberta Treasury for 2000, 2001, and 2002? Can the Provincial Treasurer provide an update on the project to harmonize fuel tax programs across Canada resulting in legislative policy and procedural amendments that would make compliance simpler and less costly for industry? Can we have some indication of that project, how far along the project is?

What's happening with the initiative of implementing electronic filing for corporate income tax? I think I asked the question last year. What is the status of that project?

Will the Treasurer provide some further information on the preparation of a business case review for the merger of duties related to the international rate plan as it concerns the international fuel tax agreement? We have some information. Could we have some further information on that?

What steps is Alberta Treasury planning with respect to amendments to the regulation and enforcement provisions of the Financial Consumers Act? It's a concern that a number of groups have in terms of what action is being planned and what kinds of amendments are being made. Are there amendments being contemplated with respect to the Alberta Municipal Financing Corporation Act? Is Alberta Treasury contemplating some action? Will the Municipal Debentures Act be repealed? Is that on the horizon? How will the Statistics Bureau Act be harmonized with the federal government?

Those are some of the line item questions I had, Mr. Chairman. Thank you.

THE DEPUTY CHAIRMAN: Okay. The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you, Mr. Chairman. I, too, have many questions and very little time. My questions for the Provincial Treasurer this evening I believe will start with program 2 on page 403, revenue collection and rebates.

I listened with interest to the questions that were provided to the minister from both of my colleagues, and I will follow keenly the travels of the Provincial Treasurer as he pursues the issue of Y2K compliance with certain computer manufacturers. Certainly he's going to stand up for Alberta taxpayers and the enormous sums of money we've had to spend in this province to ensure that when the new year rolls around, everything is going to work, that it's going to work in the airports, that it's going to work in hospitals, and it's going to work in all the government departments. If that's sort of legal action he's contemplating, well, certainly the Alberta homeowners can contemplate the same sort of legal action to seek financial help to pay for their pine shakes. I think it's very, very important that the Provincial Treasurer continue to stand up and say yes to the Alberta taxpayers and the consumers in this province.

Now, through the Treasury Department we collect provincial taxes and get other revenue and debts that are owed to the Crown. There's a lot that goes on in the Treasury Department. We of course collect corporate income tax. There is the financial institutions capital tax. There's the insurance premiums tax, the fuel tax, the hotel room tax, which the hon. Member for Edmonton-Glangarry and I were just discussing, the pari-mutuel tax, and tobacco taxes. There are provisions in the Treasury Department for royalty tax credits, tax-exempt fuel user entitlements, farm fuel distribution allowance

entitlements, fuel and tax exemptions for Indians and Indian bands, and tax rebates and refunds.

My questions relate to tax and revenue administration, line 2.0.1. I have many questions, but I'll start with: will the Treasurer provide further information on the nature of the over \$3 million in capital investments for the year 1999-2000 for ongoing enhancements to tax and revenue management systems? Will the Treasurer also provide a breakdown of the gross operating expenses under tax and revenue administration for 1999-2000 by the following subprograms: compliance, internal support, revenue operations, strategic management, and integration and tax services?

Will the Treasurer provide a breakdown of tax and revenue administration expenses for 1999-2000 by object? Will the Treasurer provide comparable projections for gross operating expenses for tax and revenue administration for the years 2000-2001 and 2001-2002? Will the Treasurer also, while he's at it, provide a breakdown of projections for full-time employees in tax and revenue administration for the year 1999-2000, the year 2000-2001, and the year 2001-2002? Will the Treasurer explain why dedicated revenues under tax and revenue administration are expected to decline from \$955,000 in 1998-99 to \$134,000 in 1999-2000? Now, I realize that I may be asking questions rather quickly, and if the minister at any point wants me to slow down or repeat one of the questions, I will.

8:52

Now, further on I understand, Mr. Chairman, that Treasury is expected to save \$1.35 million per year by reducing the amount of compensation provided to tax collection agents. What yearly and cumulative savings have been achieved by tax and revenue administration in the private sector with respect to reducing filing requirements for corporate taxes? Will the Treasurer provide an update on any further discussions with industry and professional groups relative to further streamlining of corporate tax collection? Will the Treasurer table any reports and studies that have been prepared by government and industry and professional groups regarding the benefits of streamlining corporate tax collection? What increased efficiencies have been achieved by having propane taxes collected at the wholesale level and allowing retailers to obtain refunds on tax-exempt sales by means of an interactive voice response, or IVR, telephone system? What evaluations have been made or will be conducted to use IVR in other refund processes or collection processes?

Will the Treasurer provide an update on the effectiveness of the initiative to implement an electronic point-of-sale system to process tobacco tax refunds for retailers on Indian reserves under the Alberta Indian tax exemption program? Has the electronic point-of-sale system been expanded to Alberta Indian tax exemption fuel tax refunds?

What increased efficiencies have been achieved by the implementation of imaging and work flow technologies for the corporate tax return assessment process, and when will imaging and work flow technologies be expanded to all facets of the tax program? What increased efficiencies have been achieved by permitting those who are claiming the maximum Alberta royalty tax credit to file one installment application yearly? How much will the current \$2 million royalty cap under the Alberta royalty tax credit have to be reduced to achieve a \$65 million reduction in the size of the program between the years 1999-2000 and 2001-2002? How much of the \$65 million reduction is from streamlining the program versus a reduction in the royalty cap?

Will the Treasurer release copies of the reports and studies his department has conducted on the Alberta royalty tax credit since the announcement of a review back in December of 1997? Will the

Treasurer provide an update on activities planned in 1999-2000 under the fuel tax uniformity program to harmonize the administration of fuel tax programs?

Will the Treasurer provide an update on activities planned in 1999-2000 by the income allocation regulation review committee to identify problems with respect to rules surrounding income allocation to avoid double taxation and ensure equitable tax sharing between provinces? Will the Treasurer provide an update on activities planned in 1999-2000 by the income allocation regulation review committee to discuss specific income taxes where there is a dispute as to the province to which the taxable income should be allocated?

Will the Treasurer provide an update on the efficiencies achieved by having the TRA issue reassessments based on the receipt of information regarding the resolution of a federal objection or appeal? Will the Treasurer provide an update on the efficiencies achieved by having Revenue Canada provide information to TRA on assessments issues under the general anti-avoidance rules? Will the Treasurer provide an update on the efficiencies gained by having Revenue Canada and the TRA share information on audits they plan to conduct so as to eliminate overlap and duplication? What is the status of initiatives involving Revenue Canada, Alberta, and Ontario to establish a common electronic filing process for corporations filing corporate tax returns? What progress has been made to increase the use of the TRA Internet site to encourage taxpayers to obtain information in forms?

What activities have been planned in 1999-2000 by the TRA in conjunction with Revenue Canada, the RCMP, and the municipal police forces in the enforcement of fuel taxes and with those agencies and the Alberta Gaming and Liquor Commission in the enforcement of the tobacco tax? We're talking about marked fuel enforcement and tobacco smuggling. What is the status of negotiations between Alberta and the government of Canada with respect to the creation of a Canada customs and revenue agency? What are the estimated savings or costs to the government of Alberta from the establishment of such an agency? Will the Treasurer table all reports and studies that have been prepared by and for the government as it relates to the assessment of the feasibility of establishing a national tax collection agency?

What is the timetable for the introduction of provincial legislation to implement tax on income? Is the Treasurer contemplating provincial supplements to nonrefundable tax credits such as the age amount, infirm dependents, CPP contributions, employment insurance premiums, pension income, disability amount, disabled dependents, tuition fees, education credit, allowable portion of medical expenses, charitable gifts, dividend income, and child credit under the 11 percent single rate tax proposal? Will nonrefundable tax credits be fully indexed to the rate of inflation in order to prevent the occurrence of tax bracket creep?

What approaches is Alberta Treasury examining with respect to dealing with the following issues under tax on income: allocation of business income across provinces, alternative minimum tax, dividend tax credit, overseas employment tax credit, charitable donations tax credit, medical notch provision, part-year residents and bankrupt individuals, CPP lump sum payments, lump sum pension payments, and trusts?

How much of the \$20 million revenue recovery or economic offset projected in the year 2000-2001 results from the reduction of the 8 percent surtax, and how much is from the increase in personal and spousal exemptions contained in the 1999 federal budget? How much of the \$35 million revenue recovery or economic offset projected in the year 2001-2002 is from the reduction of the 8 percent surtax, from the increase in the personal and spousal

exemptions contained in the 1999 federal budget, from the reduction of the .5 percent flat tax, from the increase in the personal and spousal exemptions to \$11,620, and from the introduction of the 11 percent single rate?

9:02

How much of the \$120 million revenue recovery or economic offset projected in the year 2002-2003 is from the elimination of the 8 percent surtax, from the increase in personal and spousal exemptions contained in the 1999 federal budget, from the elimination of the .5 percent flat tax, from the increase in the personal and spousal exemption to \$11,620, and from the introduction of the 11 percent single rate tax?

What is the revenue recovery or the economic offset of the \$600 single rate tax proposal for the years 2003-2004, 2004-2005, 2005-2006, and finally, 2006-2007? How much of the offset in each fiscal year is accounted for by the elimination of the 8 percent surtax, the .5 percent flat tax, the increase in the personal and spousal exemptions to \$11,620, the increase in the personal and spousal exemptions in the 1999 federal budget, and the 11 percent single rate tax?

How much of the \$240 million revenue recovery or economic offset projected in the year 2007-08 is accounted for by the elimination of the 8 percent surtax, the .5 percent flat tax, the increase in the personal and spousal exemptions to \$11,620, the increase in the personal and spousal exemptions in the 1999 federal budget, and the introduction of the 11 percent single rate tax?

Will the Treasurer provide a breakdown of the fiscal impact of the \$600 million provincial income tax cut under the 11 percent single rate tax proposal for years 1 through 5 attributed to the components of the elimination of the 8 percent surtax, the .5 percent flat tax, the increase in the personal and spousal exemptions to \$11,620, the increase in the personal and spousal exemptions in the 1999 federal budget, and the introduction of the 11 percent single rate tax by the following: personal income tax, corporate income tax, other direct taxes, fuel and indirect taxes, federal transfers, other transfers, direct fiscal impact, and revenue recovery?

Will the Treasurer provide a breakdown of the economic impact of the \$600 million provincial personal income tax cut under the 11 percent single rate tax proposal for years 1 through 5 attributed to the components of the elimination of the 8 percent surtax, the .5 percent flat tax, the increase in the personal and spousal exemptions to \$11,620, the increase in the personal and spousal exemptions in the 1999 federal budget, and the introduction of the 11 percent single rate tax by the following: real GDP, employment, labour force, unemployment rate, net in-migration, personal disposable income, real consumer spending, corporate profits, and real business investment?

Will the Treasurer provide forecasts for the total projected growth rates in real GDP, employment, labour force, unemployment rate, net in-migration, personal disposable income, real consumer spending, corporate profits, and real business investment for the Alberta economy for the years 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, and finally, for the year 2007-2008?

Will the Treasurer provide the studies and reports relied upon by Alberta Treasury to arrive at a projection of 40 percent feedback or revenue recovery by year 5 under the 11 percent single rate proposal? Will the Treasurer provide a breakdown of tax effort for 1998-99 and 1999-2000 - and this is the ratio of actual taxes collected in Alberta to the taxes that the province would have collected at the national average rates - by each of the revenue sources that are used by the department of finance for equalization payment calculation purposes?

Mr. Chairman, I will on behalf of all the Liberal caucus staff wait patiently for the Treasurer's answers in due time. Thank you.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Glenarry.

MR. BONNER: Thank you, Mr. Chairman. I'd like to continue where the hon. Member for Edmonton-Gold Bar left off and also continue the fine questioning that the hon. members for Edmonton-Mill Woods and Edmonton-Glenora have done before me.

MR. DUNFORD: You're such a nice guy.

MR. BONNER: Well, thank you very much.

Through the chair, my first question would be: what is the benchmark established in 1999-2000 for the provincial tax load on business? In 1998-99 as a percentage of the Canadian average it was 83 percent. Why did the provincial tax load on business increase from 76.2 percent in 1997-98 to 83 percent in 1998-99? What is the benchmark established in 1999-2000 for total tax load in Alberta as a percentage of the Canadian average? It was 79.4 percent in 1997-98. Why did the total tax load increase from 76.4 percent in 1996-97 to 79.4 percent in 1997-98? What is the cost to the government per hundred dollars of revenue collected in 1996-97, 1997-98, 1998-99? What target has been established for 1999-2000? We saw that in the year 1995-96 this figure was \$83.93.

My next question is: how has Treasury dealt with such issues as treatment of tax laws that may be carried back three years and forward seven years as it relates to accrual of the CIT? Does Treasury have global information about the extent and expiry date . . .

MR. DAY: A point of clarification.

THE DEPUTY CHAIRMAN: Hon. member, will you allow the Provincial Treasurer to clarify something?

MR. BONNER: Yes, please.

MR. DAY: If the member would like to go a little more in depth, a clarification on the accrual question.

MR. BONNER: It's page 21, the third last paragraph. [interjection] Yeah. Right. Yes, we'll get that for you. Thank you.

What steps is the compliance division taking to have effective mechanisms in place to encourage voluntary compliance and deter tax avoidance? What benchmarks for evaluating effectiveness have been established in this area? What is the percentage accuracy rate of reported amounts of original audits? What is the estimated increase in the number of the delinquent account closure rate per audit officer? What is the percentage of delinquent accounts closed to delinquent accounts generated?

Continuing along here, will the Treasurer indicate what benchmarks have been established in 1999-2000 under compliance services with respect to consumption and corporate tax audit initiatives?

9:12

How much will be recovered from consumption and corporate tax audit initiatives in the year 1999-2000? Has any benchmark been established with respect to total dollars of audit-generated revenue identified for collection for \$1 of direct audit cost?

Now, tax and revenue administration also maintains tax rolls for all corporate and consumption tax, an exemption program, and collects taxes. It also determines eligibility under the Alberta Indian tax exemption program, the tax-exempt fuel user program and the

international fuel tax agreement. Will the Treasurer indicate the results achieved for 1999 and the benchmarks that have been established for 1999-2000 as it relates to the following indicators: tax payments processed, statements of accounts issued, refund cheques issued, tax returns and claims interpretations provided, total registrations, benefit programs applicants approved, Crown debt collections, new accounts, public inquiries responses, program form distribution, and corporate tax audits completed?

Will the Treasurer indicate the cost efficiencies achieved through the outsourcing of computer application system development and maintenance functions within the tax and revenue administration division? Will the Treasurer indicate what cost savings and increased effectiveness was achieved by changing from mainframe-based applications to a client server microcomputer network within revenue systems?

Will the Treasurer indicate what benchmarks have been established in the tax and revenue administration with respect to the number of interpretations and appeals processed and the turnaround time on appeals and objections of tax rulings?

What are the benchmarks with respect to the percentage of information letters, circulars issued within 30 days?

Will the Treasurer indicate whether any compensation payments to agents are being eliminated in the years 1999-2000; i.e., hotel room tax, propane tax, bulk dealers for the sale of marked fuel, tobacco wholesalers? I recall that compensation payments to oil marketing companies were eliminated in 1993-94.

What recommendations have been made by Alberta Treasury with respect to changes to the employment insurance program as it relates to benefits, surpluses, and premium levels? Will the Treasurer table studies prepared by Alberta Treasury on changes to EI?

Finally on this particular section, Mr. Chairman, what recommendations have been made by Alberta Treasury since the release of its discussion paper, Next Steps to CPP Reform, as it relates to the CPP governance and management structure; reducing the intergenerational transfer of debt; reducing the unfunded liability by increasing the retirement age; alternative ways to fund past service unfunded liability; treating retirement benefits and postretirement spousal benefits, disability, and life insurance separately; delegation and management of the disability component of the CPP to the provinces; modernizing CPP benefits to make it an earned program rather than an entitlement program; and greater flexibility to employees and employers in the provision of retirement and related benefits mandated under CPP by examining the feasibility of establishing individual accounts for future retirement benefits?

Howard, did you want to continue with program 3? [interjection] Yes, please, if you would.

Thank you, Mr. Chairman.

THE DEPUTY CHAIRMAN: The Member for Edmonton-Glenora.

MR. SAPERS: Thanks, Mr. Chairman. My colleague from Edmonton-Glenarry has asked some fine and provocative questions. One of the questions caught the particular attention of the Treasurer, who is seeking some clarification. If I understood the question correctly, I believe it had to do with some of the steps that have been taken to reduce compliance costs and increase collection without penalty on the corporate income tax side.

Back in December of 1994 Treasury announced that effective in 1995 some 50,000 corporations without taxable income would not be required to file a corporate tax return with the Alberta government or to pay monthly tax installments if the Alberta corporate tax was less than \$2,000. Since then, there has been, I think, a booming business for accountants.

As I understand it, the tax treatment of certain of those provisions allows for the losses to be carried back three years or forward up to seven years. The question is really: what impact do those carry-forward provisions have on the accrual, the calculation of CIT for the province of Alberta? Is there a revenue impact, I guess, is the simplest way to ask the question. Has there been a change in the amounts payable? Are we going to hit some kind of a windfall at some point because of these carry-forward provisions, or are we in fact going to be having to downward adjust corporate income tax projections, particularly important, Mr. Treasurer, because, as you know, in your budget document there's a rather healthy increase projected on the corporate income tax side. It's all part of that calculation, we understand, between the very optimistic projections for GDP growth, the 40 percent recovery from tax reduction, and corporate income tax. All of those things tend to reinforce one another.

Some earlier questions posed to you, of course, asked for some of the analysis of the studies that those rather optimistic projections were based on. I think that was what was underlined in the question from my colleague from Edmonton-Glengarry. I hope that clarifies the point.

I'd like to continue talking about program 3, if I may, financial management and planning. This supports programs and services of government by providing planning management and reporting of the government's financial affairs and by maintaining a sound financial services industry. There are changes coming. Certainly there are some changes coming right now with the insurance industry, some recent changes announced by stock exchanges across the country. I'm keeping my fingers crossed that rational thought will see the new junior exchange established headquartered in Alberta in that city to the south of us here. Also of course we've already talked about potential changes for the Alberta Treasury Branch.

9:22

The 1999-2000 operating expense requested in this program is over \$20 million. This is nearly a 15 percent increase from the previous year's budget. The \$325,000 in capital investment under line item 3.0.2 remains unchanged from last year's budget, although I do note that it's about a 30 percent variance from last year's forecast. Now, again I guess I'm going to fall into the trap that everybody else falls into and make a guess that part of this capital investment has to do with computer systems, and part of it might be the antidote for the millennium bug.

A question I have for you right off the bat then, Mr. Treasurer, is: if, in fact, this is yet another expense being assumed by government because of year 2000 compliance, I'm wondering whether or not it has become the responsibility of your department to get a global picture, a governmentwide picture of what compliance costs still remain. Certainly we're seeing capital investment requests across government. In many cases it's for computing hardware and software and consulting, and in many cases it's because of year 2000 compliance. So will the Treasurer provide us with a breakdown of the projected gross operating expenses, capital investment, and dedicated revenues over the fiscal period for financial management and planning by subprogram?

I also wonder if the Treasurer will tell us what the projected full-time equivalent positions are in the financial management and planning division for each of the years covered in the business plan. That takes us from the current budget year right through to the end of budget year 2002.

[Mrs. Burgener in the chair]

Under the office of budget and management, which is line item 3.0.1, for your reference, I note that the operating expense, again, is an increased amount. This time it's about a 10 percent increase over last year, nearly three-quarters of a million dollars more in fact. I'm wondering if the Treasurer can explain the rationale for this nearly 10 percent increase in operating expenses under this line item. Will the minister provide some details to explain the \$53,000 in dedicated revenue that will be generated by the office of budget and management in 1999-2000, unless it's just from the resale of the videotapes of the Access shows. I don't know.

MR. DAY: They're rocketing through the roof.

MR. SAPERS: Yes. You and Whoopi.

Madam Chairman, the budget plan is a little scarce in some details in terms of guidelines for the office of the Controller. So I'm wondering what standards and guidelines have been established to allow the office of the Controller and the office of budget and management to ensure that individual departments follow consistent internal audit, financial, and reporting procedures. This is a very important issue for us, particularly those of us who serve on the Public Accounts Committee.

We are constantly putting queries to ministers as to how they comply with Auditor General recommendations. One of the answers that we often receive is that they are following the frameworks provided by Treasury in terms of financial management and reporting. I keep on trying to find the detail, and again I'm seeing a lack of consistency. I'm wondering, Mr. Treasurer, if this budget year is the year when we're going to see the final version of that accountability framework with the standards for audit trail and internal control written so that they can be applied governmentwide.

What benchmarks have been established by the office of budget and management for the following performance indicators: accuracy of recording department's financial information, timeliness of reporting departmental financial information, adherence to legislative compliance, and departmental budgets not being exceeded?

Will the Treasurer also indicate whether there are any consulting projects being undertaken by budget and management in 1999-2000? If so, in what areas are these consultations under way?

What are the Treasurer's plans for allowing the Auditor General to provide a formal audit of the ministers' performance measures in annual reports, and what form will the audit process take? I haven't used much of my time so far in committee to address the detail of the performance measures. In my introductory comments I did note that there has been some positive change in what I see in terms of the wording. The ultimate proof of this process will not just be in the compliance reports, because if the measure is really no good to begin with, then finding that it was complied with doesn't provide us with much comfort. There are some excellent working papers that come out of the House of Commons in terms of government accountability and internal control, and I'm wondering whether or not they will be applied here and whether or not the Auditor General is going to be called upon to do such a formal audit using these kinds of standards or guidelines.

The budget documents also don't really give us much detail as to the steps that are being taken to comply with the Auditor General's recommendation to provide financial results for each of the four quarters of the fiscal year, within the consolidated budget in order to allow for comparison of actual financial performance against the benchmarks of these quarterly budgets. Will the Treasurer provide further information on the plan prepared by budget and management to ensure that outputs are being fully costed?

Mr. Treasurer, what is the time frame for fully complying with the

Auditor General's recommendation for costing outputs and relating results to costs based upon outputs? One of the general criticisms that has been put forward about budget 1999 is that while it does call for some increased spending, the spending is not always linked, in fact rarely linked, to actual outputs. Sometimes we get very sloppy with our use of language, and we confuse outputs for other things. For example, in health care it's not necessarily the amount of nurses that may be hired as an output or the number of beds that may be opened as an output, but actual increased health status or the actual reduced number of accidents or increased average birth weight are the kinds of outputs I would expect to see linked to investment. So this is not just a question regarding the department of Treasury but really can be taken as one that goes governmentwide.

Will the Treasurer provide a copy of the 1999-2000 business plan and budget finalization instructions which guided ministries in the preparation of their three-year business plans for the period 1999-2000 through the end of 2001-2002? What I'll be looking for particularly there is some recognition of the Auditor General's concern that not enough emphasis is paid to detail in the third year of the three-year business plans. We often just see the last year being - well, for lack of a better description, there could just be ditto marks under the second-year business plan.

It seems to me that the real strength of these three-year business plans is making them concrete enough so that we can clearly see the path to be followed and we have something to measure progress against yet still flexible enough that they can address changing times. We've seen dramatic fluctuation, for example, in the price of oil over the last year and a half. Obviously our business plans have to be flexible enough to reflect commodity pricing that can be so volatile, particularly in our economy. Granted our economy is far more diversified now and less dependent on the natural resources sector than it once was, but I think it's fair to say that you still need that kind of flexibility given the kind of variability there is in the revenue stream that comes from commodities.

9:32

What steps is the Treasurer contemplating relating to including capital assets in the consolidated balance sheet, things like real property, lands, buildings, highways, et cetera?

What are the planned activities of the monitoring and analysis project group and the departmental and ministerial statements and annual reports interministry group and steering committee in 1999-2000? Will the Treasurer report on key recommendations made by the three interdepartmental task forces involved in improvements to financial and performance measure reporting? As I understand it, these three groups are the departmental financial statement task group, the monitoring and analysis task force, and the changes in financial management task force. Will the Treasurer tell us what steps are being taken by Alberta Treasury to comply with the recommendations made by these three task forces?

I'm also interested to know whether or not these are ongoing. Do they have a reporting time line? Were they given a specific set of tasks to achieve, or are they something that the Treasurer thinks needs to continue year over year? What role do these task forces play in terms of rationalization of government programs and services? I think the latest word I've heard to describe it is the disentanglement of government services, both across government departments and also across and between levels of government. I'm wondering whether or not these task groups have some role to play in sorting that out.

Will the Treasurer provide an update on any future changes to the format of administering departmental financial statements under the accounting and financial control manual? If so, will we have a

chance to reflect on those kinds of changes as they may play out in the preparation of business plans? Again, Mr. Treasurer, you may be noting that there's a bit of a theme I keep coming back to, and that is consistency across government departments in terms of measuring progress year over year and making comparison statements.

Will the Treasurer indicate what issues still remain to be resolved which prevented Alberta Treasury from including RHAs, school boards, and postsecondary institutions within the consolidated financial statements? Why is it that Alberta Treasury believes that consolidation would add complexity and confuse relationships between governments and these organizations? What impact would consolidation of these entities have had on the consolidated surpluses and the net debt of the province?

There was a fascinating exchange in Public Accounts awhile back, with the Auditor General presenting a short review of his rationale for requesting consolidation and an opportunity for the Treasurer to provide the government's opinion of the request for consolidation. I must say that the arguments put forward by the Auditor General seemed to be the most compelling at that time. Now, there may be some new insight on the question, but because of the lack of consolidation, I find it exceptional that the Auditor General would continue to give a clean audit to government departments.

As we move towards again relying more on generally accepted accounting principles so that we may make comparisons and predictions, I think we have to take another very serious look at the whole issue of consolidation, particularly as it relates to some of those entities that spend so much of the provincial budget in the final analysis. Between the school boards, the postsecondary institutions, and the regional health authorities we've got the lion's share of program expenditures, and they don't show up on the consolidated statements.

What monitoring and processes has Alberta Treasury developed regarding the timeliness of the receipt of ministry business plans, ministry budgets, ministry annual reports, and consolidated ministry financial highlights and performance statistics, including significant variance analyses, reviewing ministry reports for consistency and reasonableness, and including an explanation and an action plan to deal with the significant variances? [Mr. Saper's speaking time expired] I think I'm getting a fast clock here.

THE ACTING CHAIRMAN: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thanks, Madam Chairman. I would like to, if I could, finish off with some questions on 3.0.1, office of budget and management. In the 1996-97 annual report of the Auditor General, the Auditor General recommended that the province provide longer term budget information to supplement the three-year view that we find in the annual budget. I wonder if the Treasurer could indicate what steps are being taken by Alberta Treasury to move towards a more long-term fiscal planning horizon in the budget. That is, we have the three-year plans, but the Auditor General, as I understand it, was asking for long-term plans using a longer horizon.

Given that the Treasury takes some steps to keep Albertans informed about the fiscal and economic prospects for the province over the short term, three years, and medium term, 10 years, has the Treasurer ever given any consideration to looking elsewhere and adopting within the provincial budget some of the reporting requirements - I think again of the ones in New Zealand, with detailed three-year economic and fiscal updates and then medium term 10-year fiscal forecasts and outlooks? I realize that those are difficult given the volatility of the revenues this province experi-

ences, but again one of the things that has plagued us and continues to plague us is the lack of stability in planning and the lack of any knowledge of what's coming.

Again, I guess the revenues dictate that to some extent, but the only assurance - and I use this year's Education announcements as an example. The only real assurance they have is the money for schools for next year, for 1998-99. What happens after that depends on revenues. Although there's a three-year plan, it's not very reassuring to school boards as they try to plan ahead. I think if you go back to what the Auditor General was asking, it tries to get at this problem and maybe could identify some of the factors, at least, that will influence the financial situation of the province.

There are some specific questions to the Treasurer about the \$7.609 million in expenses under the office of budget and management. The money in that budget that will be directed to the project management transition re-engineering in 1999-2000: how much of that project management transition budget will be allocated to fee-for-service consultants? What use is going to be made of outsiders? Will the Treasurer provide a breakdown of the consultants retained by individual project and the fees provided to each under the project management transition re-engineering for previous years. That's '97-98, '98-99, and for '99-2000. Again, it's my understanding that jurisdictions elsewhere do that kind of breakdown and make that information available. Will the Treasurer explain what initiatives will be undertaken by the project management transition financial re-engineering in 1999-2000? I think I asked that a few minutes ago. What are they going to be involved in? What kinds of activities will they be engaged in?

9:42

Can the Treasurer indicate whether his department tracks measures of workload within the budget and fiscal policy, the percent of the time that staff spends on budget development, on financial planning, on reporting, on financial analysis, and on budget implementation. Are there measures or is there a record kept of that workload? There were no performance measures in Alberta Treasury relating to the variance, the actual versus forecasted expenditures and revenues. Why is this the case? Again looking elsewhere, the state of Minnesota department of finance has a 2 percent variance benchmark, and there's no similar indicator here. I guess the question is why that has not been pursued.

What recommendations have been made by the interministerial committee on cost allocation to identify the types of costs that should be allocated and how those allocations should be determined? There was a study by the chartered accountants of Alberta on this that contributed to the cost allocation and reporting process. There were some recommendations there. Have they been influential in the work of the department?

What types of incentives does Alberta Treasury envision could be put in place to ensure that initiatives by recipients to generate savings in allocated costs can be applied towards enhancing or preserving the recipient's budget? If the incentive is there to save money, what is the payoff for the department, for those involved? Is there any way that those savings can be added or part of it used to enhance the budgets of those individuals involved in making the savings? So it's the question, I guess, of the rewards for working hard and for planning creatively and saving the government money that is of some interest to us at this time.

There are a number of other questions. I wondered if I could leave that for just a moment and look at 3.0.2, finance, and pose just a couple of questions there, Mr. Treasurer. Will the Treasurer provide information on the \$325,000 in capital investment planned under finance during 1999-2000? Just exactly what kind of investments

are included in that item? Could the Treasurer explain why there is a \$2.019 million, or a 103 percent, increase in the dedicated revenues under finance projected for 1999-2000 from the previous year? So looking at that line item.

The last question under finance: will the Treasurer provide some information on the number of full-time equivalents in finance? How many full-time equivalents are in finance for 1999-2000, for the year 2000-2001, and for the year 2001-2002?

With that, Madam Chairman, I would await some preliminary responses from the Treasurer. I believe he's ready to make those at this time.

Thank you.

MR. DAY: Madam Chairman, it's commonly said not to ask or hope for things because they might actually come upon you. In the last couple of years, as I've stood here in estimates, I've somewhat chided the opposition for not having enough questions. Other than the critic, who usually did have a lot of questions, the rest were sort of the Rambling Roses of the Assembly. That seems to have changed somewhat. There is quite a significant list here of questions, which my officials and myself will be delighted to start looking into shortly after 10 o'clock. We'll get on it right away and have as many of those answered for you by 9 o'clock tomorrow morning and over the subsequent weeks.

So I congratulate members for changing strategy somewhat and having specific questions, and now maybe the pendulum can swing to the fact of saying: I would hope that all members asking the questions understand the questions they are asking and that I can likewise understand the answers. I do commend the members for being quite substantive and quite specific in their questions as well as some helpful generalizations. I'll cover as many as I can in the moments left here. As the Member for Edmonton-Glenora has already alluded to, I do try and make a practice of getting back as soon as possible, at least in written form, on any that will be unanswered, and of course there will be some unanswered tonight, the specific details of which I don't have before me.

The Member for Edmonton-Glenora has made observations in the past about improving our measurements and improving our goals and how we measure them, and he has noted that there have been some improvements. I appreciate his observation there. In the areas that still require some work, we want to do that. The whole object of having goals to which one must report and be recorded is in fact to improve performance, so we look for the areas to be pointed out in which we're lacking as well as the encouragement that we can receive for being on target.

I will follow up on the question about the businesses using e-commerce and what percentage that is of the whole and should that not be more properly a percentage. We'll see if we can get that number out there also.

In terms of expense profiles by program and by object, I have in the past provided those on request. It is a fair bit of work, but I will. There were a number of questions tonight related to the actual object and specific items within these reported line items, and we'll see if we can address some of those. It's probably even a more efficient way than through written questions and motions for returns because I can dig into it, get the answers, and fire them back, and then if you don't like them, there can be a dialogue back and forth there.

On 1.0.3 there was a question related to financial and support services and a note there about the increase. The Member for Edmonton-Glenora has already partially guessed at what that was. I think somebody else raised it too. There's a \$454,000 increase there over budget; \$375,000 is for the operation and amortization of the Imagis system, including three new modules there. So you're

correct in assuming that that is the lion's share of that increase. There's an additional \$71,000 provided for some manpower costs, including salary increases, within that particular division. As you know, for anything related to IT these days, especially with the Y2K pressures, so many people within this particular industry can almost write their own ticket. It's been very difficult to keep people within the department, so we're looking at ways of doing that. That's the bulk of the increase that's addressed there.

9:52

There was also a question about an increase at 1.0.6, a \$134,000 increase. That includes \$90,000 for two new positions, and again the Member for Edmonton-Glenora is partly right in the assumption: one of those positions is entirely to deal with the significant increase in FOIP requests. I'm not saying that negatively or positively. I'm just saying that that's a fact of life. The majority of these requests, let me put it on the table, did not come from our constituents out there. The most minute fraction of requests come from those. Most come from the opposition. I'm not saying good or bad. That has resulted in a considerable increase there and a second position being required to handle the increased volume of filing in our central filing. Also, with that itself there are very hard costs of things like \$24,000 for filing and for actual shelving and office supplies related to the increased demand for which copies have to be kept, et cetera, et cetera. So this is just the reality of the increased interest in what is going on in government.

The Member for Edmonton-Mill Woods was asking about vote 1.0.7. The increase there, as I read it clearly, in program 1 is \$435,000, and that's up from \$422,000. In terms of comparable, that's five full-time positions there, five FTEs. That was last year, and that's a comparable position there. There was another question he had, which I'll come to in a minute. I'm trying to do this sort of in the order that they came here.

There was another question from Edmonton-Mill Woods on regulatory reform, 1.0.9. It's \$142,000. There's a \$17,000 increase there. That's related to salaries, travel, and office expenses. I can break that down by object in terms of \$7,000, \$4,000, and \$6,000 respectively. So that's to give some specific detail.

He also asked questions on an update on the fuel tax management plan and also the international fuel tax agreement. Was that related to the trucking industry? Is that what you're talking about mainly there? Each province and each state is required to do their own audit, as you know, and to then report on that audit. This has been a tremendous system by the way, a cross-border system, to allow for a great transparency of what is going on. On the audit costs themselves we were in danger of running a deficit. We have reorganized the administrative side of that to make that basically revenue neutral but balance out the cost between the smaller operators and the larger ones. It's been fairly well received, and we've been able to balance out our costs and recoup some possible losses there.

I don't see us bringing in an amendment related to the Alberta Municipal Financing Corporation. Unless there's something coming out that I'm not aware of, I don't see that.

I'd ask the Member for Edmonton-Mill Woods to give me some more detail on the question about the Statistics Bureau Act being harmonized. I don't have any information on that. It's not on my list of legislation that is going to be needed in the near or even mid term. So if he's got some concerns on that, feel free to give me some more details.

Edmonton-Gold Bar asked for some more detail on 2.0.1. I'm going to try and go through these quickly here. There is a \$745,000 increase there, and that is primarily again for amortization of capital

assets: \$609,000, as a matter of fact, of that \$745,000. An additional \$59,000 is being allocated for staff development in terms of ensuring that staff can handle complex tax issues. There's a real need for development there because these issues, as they hit the courts, are becoming incredibly complex. As members know, we have not come out on the winning end on some of those, and there have been some retroactive costs in the past. That's just one area where our people need to have the development in terms of administration and tax law to be right up to speed on these issues so that we can have a good sense of what's coming at us and how we can best handle it.

I think there was a question there on FTEs in that particular area, so I'll try and get that information out.

There was a question about the electronic point-of-sale system on reserves. As a matter of fact, we are encouraging those various retailers to use the technology that's available, and some have already. It makes it a lot simpler than having to write it out by hand each time somebody comes in to make a purchase. So there are some things being done there, and there are also some things in legislation, as members are aware, which are coming forward in this session, just related to collection and trying to minimize the amount of fraud that goes on. The electronic point-of-sale system is something that's being encouraged. We worked with the various retailers on that. I think that for something like \$2,500 or \$3,000, they can actually move to the electronic system, should they so desire, and we would certainly give them some encouragement and try to help them with that.

The Canada customs and revenue agency. I've met with the federal minister, Herb Dhaliwal, on two or three occasions and indicated to him that there's the possibility of some minor efficiency savings, as we see it, but what we would lose in the ability to still have input on the overall tax policy is something that at this point we're not willing to trade off. We need some more openness and receptiveness on our policy considerations. So at this point we're not buying into the big machine, as they call it. We're exercising some caution there, though there could be some efficiencies to be gained.

[Mr. Severtson in the chair]

The reason the Auditor General continues to give a clean audit in spite of the fact that there's still some, let's say, collegial debate on the issue of the consolidation of RHA and municipal school board reporting is that the Auditor General recognizes it as just that. This is an academic question. It's not a question of clarity. It's not a question that the books are somehow at risk, because in fact all the grant money we send out is fully reported. But I do ask members to try and picture, for instance, if those were consolidated as even the Treasury Branches - we have, quite properly, questions on the Treasury Branches that we address right here in the Assembly. But would elected school board members want us addressing their line items in this Assembly because they would have an impact either on our surplus or debt and even policy considerations as we have moved out to them? That's just one area. Not just school boards but colleges, universities, RHAs, who want the funding in block funding. We're kind of splitting the difference right now. As you know, a large portion is block funding, and then some is very specific because people are wanting specific areas met.

That's why the books continue to be given a good strong picture and a good strong overall positive appraisal not just from the Auditor General but from the accounting institutions themselves. They recognize that the clarity is still there. It's just this academic question. The Auditor General is working with others across the country and with our officials and other provincial officials to

address this question, because it's not just an Alberta problem.

I just want to close with a thought on the planning process. The Member for Edmonton-Mill Woods talked about lack of stability and planning. Well, we do have the most volatile economy in North America. To suggest lack of planning, I have to take some issue with that. As a matter of fact, we are commended for our planning abilities. Stability, certainly in a volatile economic framework, is something that we always have to keep an eye on, and we seem to be able to frame our expenses and revenues within that somewhat volatile network.

Going further than three years. We are noted and recognized across the country for our three-year business plans. Once you start stretching to five years and 10 years, I don't know if I could even encourage my own officials to be putting their name and signature on the line to make a projection of where a commodity or a certain government expense might be five or 10 years from now. There have been jurisdictions in the past that have made famous the five-year planning process, and they are no longer with us of course, at least not in the Soviet state in which they introduced those. So I have some reluctance to look at five years and 10 years other than to try to use our best estimates on broad trends that are happening to plan for the future. But to start to get down in detail, that opens us

up to considerable criticism. If I were in opposition, which I don't think I ever will be, I would use that as an opportunity, like a 10-year plan - eight years from now look at something that's totally different and demand that minister's resignation because his eight-year projection is off by a little bit. It's scary enough doing one- to three-year projections. We know we're accountable for those.

Those are some of my observations. I appreciate the very good input from members of the opposition. We'll follow up on the remainder of these questions.

Mr. Chairman, I would move that the subcommittee rise and report.

THE DEPUTY CHAIRMAN: It is moved by the Provincial Treasurer that we rise and report progress. All those in favour, say aye.

HON. MEMBERS: Aye.

THE DEPUTY CHAIRMAN: Opposed? Carried.

[The subcommittee adjourned at 10:02 p.m.]