

8:30 a.m.

Wednesday, April 5, 1995

[Chairman: Mrs. Abdurahman]

THE CHAIRMAN: I'd like to call us to order, please. Welcome to everyone on this rather wintry, mixed spring morning.

Could I have approval of the agenda, please? Moved by Lorne Taylor. All in favour? Any against? Carried.

DR. L. TAYLOR: I'm always co-operative.

THE CHAIRMAN: Yes, I realize that.

Approval of the minutes of the March 29, 1995, committee meeting. Could I have a motion to accept them as circulated? David Coutts. All in favour? Against? It's carried unanimously.

I am very pleased to welcome the Hon. Tom Thurber, Minister of Municipal Affairs, with us this morning and once again, of course, our Auditor General, Peter Valentine, and Assistant Auditor General – and I'm going to say your name wrong – Nick Shandro.

I'd also ask that the minister introduce his staff and highlight to the committee that there is an agreement between the Premier's office and the chair that in areas where ministers are responsible for boards and councils and commissions, we will direct those questions to the ministers when they're in attendance. So for your notification, the Hon. Tom Thurber is responsible for Access. If you have any questions related to Access, please feel free to ask them here, not at Executive Council.

With that, hon. minister, if you'd like to introduce your staff and make a few opening comments.

MR. THURBER: Thank you, Madam Chairman. I will go to a few opening comments if you don't mind. Most of the people are familiar with my deputy, Jack Davis, and our ADM in charge of finance, Bob Leitch. If I get hung up on any specifics, I'll be asking them to assist me in the answers. As you are aware, this portfolio came to me on the 20th of December, and there may be some specifics from a year ago that I am not familiar with. I'm also very pleased to be here in Public Accounts again. As all of you know, I sat on the other side for some number of years, so it's always a privilege to get over on this side.

Madam Chairman, in '93-94 the Department of Municipal Affairs was organized into five areas: departmental support services, support for municipal programs, administration of housing programs, consumer services, and registries information and distribution. In addition, there was a nonbudgetary disbursement vote for the Alberta Social Housing Corporation, then referred to as the Alberta Mortgage and Housing Corporation. Included in the ministry of Municipal Affairs were 1993-94 financial statements for the Alberta Mortgage and Housing Corporation – it has since been renamed the Alberta Social Housing Corporation – and Municipal Affairs Sales Ltd. I'm also responsible for land information Alberta reported under environmental protection, forestry, lands, and wildlife revolving fund.

In response to the Budget '93 document New Approach to Government, the department completed the first three-year business plan and took the first steps to implement the goals and objectives within that plan. The public accounts for 1993-94 reflect some of the first steps taken to meet these goals. To meet our goal of eliminating program and service duplication within the department and with other government departments and to realize administrative efficiencies, the following changes were implemented in 1993-94. We consolidated the former assessment services division into the local government services division. I would note that this

completed a previous reorganization started in '92-93 wherein the planning division, the improvement districts division, and the municipal administrative services division were consolidated into one division with the primary focus on municipal government in Alberta. Three ADM positions were eliminated as a result of this change.

We have transferred and consolidated the consumer services portion of the former department of consumer and corporate affairs with the housing program division. This completed a reorganization started again in 1992-93 within the housing area wherein two divisions were merged into one. This resulted in the abolishment of two out of three assistant deputy minister positions. We amalgamated Alberta registries with the department in January of 1994, and to achieve further efficiencies, the registry support areas of human resources, finance and administration, information systems, and corporate services were combined with those of Municipal Affairs and then downsized. We transferred to Public Works, Supply and Services the responsibility for capital construction and land administration to consolidate the government's contract management and construction function. These changes produced significant administrative savings that will be fully realized in the '94-95 fiscal year and beyond. Severance payments to 230 staff members impacted by these streamlining initiatives totaled \$7.1 million.

Another business plan goal of the department was to involve the private sector and other agencies in the delivery of services to the department and to the public. During 1993-94 the department closed government-operated motor vehicle licensing centres. These were replaced with a network of private registry agents. Combined with the private-sector delivery system used in rural Alberta for many years, there are now over 200 private agents and 16 Alberta Motor Association offices providing a variety of registry services to the public as a whole. Waiting times for services have been decreased and access to registry services has been greatly improved with not only more registry agent locations available but also extended hours to be open in the evenings and, in some cases, on weekends.

Another private-sector initiative involved the contracting out of the information system's support function to DMR Group Inc. With this initiative staffing was reduced by 57 full-time equivalents. A reduction in annual operating costs of approximately 40 percent has been achieved as a result. We note that most former employees of the department were offered and accepted positions with this firm as we outsourced it.

Subsequent to the '93-94 year-end and following a competitive tender process, SHL Systemhouse Inc. was selected to provide computer processing facilities and support services necessary for the operation of various Alberta registry computer systems. These were previously provided through Alberta Public Works, Supply and Services – the mainframe operations, an Alberta registries internal systems group. This contract covers operation of the motor vehicle system, the personal property system, the land titles system, the corporate registry, vital statistics, and the registry agents' support information system. The first three of these applications are now running from the SHL Systemhouse Inc. operations centre located in Calgary. We anticipate an overall savings of at least 34 percent in base operating costs over the life of that agreement. I would note that 29 employees accepted an employment offer to join SHL, and of these only six were transferred to their Calgary operations centre.

Substantial administrative savings were also achieved between '92-93 and '93-94 through restructuring initiatives. We have a 67 percent reduction in the number of vehicles – from 39 to 24 – a 24 percent reduction in the number of copiers, 10 percent in fax

machines, a 66 percent reduction in the number of mobile phones, a 35 percent reduction in photocopier use, and a 45 percent reduction in paper purchased.

Supporting Alberta seniors is a priority of the government of Alberta, and during '93-94 the department provided over \$143 million to senior citizens through a variety of programs including independent living, the senior citizens' renter assistance program, property tax reduction, and the unique home program. However, in light of fiscal realities of the time, the programs for senior citizens have been refocused to ensure that the funding available is targeted to those in greatest need. To provide the focus in 1994-95, the senior citizens' renter assistance and property tax reduction programs were amalgamated in one program, and that's been transferred and administered by the Department of Community Development.

Grants to and, indeed, the whole relationship with municipalities was re-evaluated in '93-94. There were changes in government strategy toward municipal grant spending. The objective of the new strategy was to encourage municipalities to provide only those services they could afford. This would assist in the development of a more effective and efficient local government system. Some of the changes included the consolidation of the MAG, the municipal assistance grant, and conditional programs such as urban parks, family and community support services, the municipal police grant, and the transit operating assistance grant into an unconditional grant. We've been reviewing and overhauling the legislation, such as the MGA, to give municipalities more flexibility and more authority. The department continued in this direction in '94-95 by initiating the consolidation of housing agencies and transferring the delivery function of housing programs to communities and housing management agencies.

8:40

The business plan outlined the department's plan to change its role from a service deliverer to that of a service facilitator. One of the initiatives taken was to restructure the assessment services area such that municipalities would have the flexibility to either hire assessment staff directly or retain private firms to do the assessment work. As an initial step in this process, municipalities of over 10,000 population took on this responsibility at the end of the '93-94 year. Subsequent to that date, all assessment functions were privatized with the exception of the industrial and linear assessments, which are still being done directly within this department. The department maintains standards and quality assurance to ensure equity and fairness throughout the system.

Another example of the change from service delivery to service facilitator was the transfer of authority for the management and delivery of a number of municipal service functions to the ID advisory councils. In addition, three IDs incorporated as municipal districts in '93-94, and work has continued, as you're well aware, in the following year to incorporate some of the others.

I'd like to deal just briefly, Madam Chairman, with some observations from the Auditor General. As you're all aware, these are very important observations and recommendations and we have to deal with them. I note that the Auditor General has since withdrawn the observation on the use of computer resources within Alberta registries owing to the outsourcing of computer operations to SHL Systemhouse Inc. This move has eliminated many of the concerns, but we will still be vigilant and regularly evaluate the user satisfaction and the cost-effectiveness of the services provided by this private-sector partner. The Auditor General also recommended that registries determine the net revenue provided by each of its services. The department agreed that there is merit to

costing out the services provided by registries, and this will be addressed as we re-engineer Alberta registries.

I'd like to address for a moment the observations made by the Auditor General concerning the Alberta Social Housing Corporation. The first observation indicated that the corporation should verify that property taxes paid are based on property values appropriate for property tax purposes. We agree that property tax assessments should be reviewed on a regular basis, and we have a process in place now as we audit fairly regularly a lot of the property taxes and the assessment basis. The Auditor General also recommended that the Alberta Social Housing Corporation improve the systems used to control the operating costs of its social housing properties managed by agents. The corporation has since implemented per unit per month benchmarks for both self-contained and community housing units as part of the 1995 budget review process.

A final observation of the Auditor General concerns land information Alberta and the use of residual rights for software that became surplus. Land information Alberta was a part of Environmental Protection but is now the responsibility of this department. We agree that a thorough needs evaluation and contingency planning for residual rights are important, and these will be conducted in the future. In this particular case, a credit for the unused software was secured from the supplier and since utilized in other operations of the department.

Madam Chairman, this is just a brief overview. It may have been longer than you wanted, but I have to stress that this department is an amalgamation of parts of at least five other departments, and it covers a wide range of processes and abilities that we have to have.

With those comments, Madam Chairman, I'll open it now for questions and answers.

THE CHAIRMAN: Thank you very much, hon. minister.

MR. CHADI: Good morning, Mr. Minister and staff, Auditor General, and Mr. Shandro.

MR. THURBER: Could you refer to a particular spot in there so it would be a little easier for us to . . .

THE CHAIRMAN: They have to do that through the chair, hon. minister.

MR. THURBER: Okay. Thank you.

MR. CHADI: Let me start off by referring to page 97 of the Auditor General's report and the recommendation that Alberta registries determine the net revenue provided by each of its services. I've always wondered how we came up with the figure, for example, to charge \$2 for a land title search. Of course, at the privatization stage it was determined that land titles offices will no longer provide a service other than certain services for searches — certainly not land titles searches that had to be done through the private registries, except for the users that were on-line. My understanding is that it's now \$6 and it was \$6 at year-end for that same search that used to be \$2. My question is: how did you determine a 300 percent increase if at year-end we still had no idea as to direct costs involved such as salaries and computer charges, et cetera?

MR. THURBER: Well, as you know, this government has gone to as much cost recovery as possible. Now, the registries were allowed to charge a service fee for their end of it, and we tried to

move to a point where we were recovering the actual costs of this service within government as well. So there is the \$2 fee at the registry end of it plus an additional \$4 to try and cover some of the costs we have within government. We were not recovering those costs before this time.

MR. CHADI: Okay. Then tell me about the on-line users versus the privatized outlets. Is the cost of services that are provided to on-line users the same, then, as to the privatized users?

MR. THURBER: Maybe you can help me on that, Jack. I would say probably yes, but it depends on how the on-line user is on the system. They can be on as a resale merchant or they can be on just for their own information. Maybe you want to comment on that, Jack.

MR. DAVIS: First of all, of course, all of the outlets, whether they're AOL or private agents, are private sector. There's a \$2 surcharge that goes on most of the AOL services that's not on the private agent network. The primary reason for that was that the AOL system is a more expensive system to maintain and operate from the government's perspective than the private-agent system. That was one reason. The other reason was to discourage reselling through the AOL network. When the government established the private-agent network, they put in place pretty stringent requirements that agents had to meet in terms of reselling government information and data. One of the unintended outcomes of the AOL system: it was never designed as a system where people would sign up, obtain data, and then resell it as government data to third parties, but that's started to happen. The minister is addressing that through a policy decision that new sign-ons to AOL will not be able to resell. So that's another confounding variable as well. We want to ensure that the reselling goes through the private-agent network where the standards are in place and where the agents in fact are statutory agents of the government. The AOL people are not.

MR. CHADI: Can I get a further explanation of that answer? Okay. Just for the benefit of the members, AOL is Alberta on line registries. I'll go into a final supplemental then.

I understand that the foreign ownership of land administration is a function of the department of environment. It didn't make any sense to me two years ago when I first saw it there, and at year-end, March 31, '94, it's still in there under the environment department. My question is: since it probably fits in this department – it seems to anyway because of the registries and the land titles, because that's exactly where that function is administered from, through the land titles offices – were there any negotiations to bring this function into Municipal Affairs to tighten up the system?

MR. THURBER: Certainly as we go through the whole process here of trying to figure out which department should be dealing with what and what business government should be in, yes, we've talked with environment about this very subject. Negotiations are presently under way. You know, not back then but now they are under way to resolve that issue. You're right on. It probably does belong with a different department than environment, so we're dealing with that.

8:50

THE CHAIRMAN: Thank you, hon. minister.

MR. FRIEDEL: Good morning. I'll be asking for the minister's comments on three of the Auditor General's recommendations,

starting on page 99 of the Auditor General's report. I know you touched on recommendation 22 very briefly in your opening comments, but I'm wondering if you can elaborate slightly further.

It is recommended that the Alberta Social Housing Corporation improve the systems used to control the operating costs of its social housing properties managed by agents.

I would think operating costs of housing units run by these managing agents should be able to be compared to industry costs in general to determine their efficiency. I'm wondering if that sort of thing has occurred or is occurring, and maybe you'll want to comment a bit more on that recommendation.

MR. THURBER: Do you want to deal with this, please? You're more familiar with it.

MR. LEITCH: Yes, if I may, Madam Chairman. The issue here was the computer systems used to support the management of the portfolio and the Auditor General's recommendation dealing with that. We have roughly 23,000 units in various programs managed by the corporation. Since the recommendation we have worked fairly hard to put in place a new system which we believe and really are quite confident will give all the statistics the Auditor General is looking for and certainly what we require from a management perspective to operate these units: as an example, vacancy statistics, costs on a project on a per unit basis, those kinds of things.

MR. FRIEDEL: Going back one page to 98, dealing with property tax assessments, the recommendation suggests that the Corporation verify that the property taxes paid are based on property values appropriate for property tax purposes. He gives examples on the next page of where the assessments are substantially in excess of the appraised market values, and I'm assuming that affects the grants in lieu of taxes. Are there changes being made to ensure we aren't overpaying, or is there some structure in the grants in lieu of procedure that takes that into consideration?

MR. THURBER: Well, certainly we do pay the grants in lieu of taxes on all facilities the Alberta government owns within this province, and that applies to this as well. There were times we hadn't audited a lot of these over the past year since the grants in lieu came into place in fact, but we're finding now that it's much to our advantage to go out and actually audit these. In some cases it was very much in favour of the municipality as opposed to some discrepancies in the assessment base. So we're very active in that part of it right now, trying to audit these and make sure everything is correct. I might add that as most of the assessment goes to the private sector, it's much more important that we set standards and actually ask them to comply with these standards and make sure the assessment bases are in fact correct across this province.

MR. FRIEDEL: Then I'll go on to the next recommendation, on page 99, land valuation. It's very similar, I guess, to the property tax situation where it's asking for a review or an audit a little bit more regularly so that the write-down requirements don't become so drastic at any one time. I'm wondering if you want to make an observation on what's happening there.

MR. THURBER: I'll just speak for a minute and then ask Bob to get into the technicalities. When you get into areas of the province where land values have changed drastically over a period of time – you may have an area where they've either gone up or gone down – it's a matter of getting a handle on that on an annual

basis. I'll ask Bob to comment on the technicalities involved in that.

MR. LEITCH: Well, our intention every year in the financial statements is to represent as accurately as possible what the realizable value of these assets is. It's a fairly extensive portfolio, but on an annual basis we do sit down now with the Auditor General and review all those amounts and ensure they're as accurate as possible. It does result on an annual basis, then, in an adjustment to the asset values on our balance sheet.

THE CHAIRMAN: Thank you very much. Thank you, Gary.
Mike Percy.

DR. PERCY: Thank you, Madam Chairman. Mr. Minister, Mr. Leitch, Mr. Davis, Auditor General, Mr. Shandro, my questions relate to Municipal Affairs Sales Ltd., volume 3, page 197. The first question concerns the method by which assets are disposed of. My understanding is that there is a roster, a list; in some instances in fact it's basically done on a list basis. Or in fact do Municipal Affairs handle the sales themselves?

MR. THURBER: In some cases.

MR. DAVIS: There are really two ways it's done, for the larger projects and in the metropolitan areas. A larger project we'll tend to market on our own. Metropolitan areas: we go through the MLS system, and in the smaller rural areas we'll often use agents.

MR. THURBER: It's done on a basis of trying to get the best value for the dollar for the property that's out there. Within this department we are allowed to use different ways of doing it. If it's very large, say a mortgage sale or something, we tend to deal with that ourselves from within, with some assistance, in some cases, of experts in the field. So there's a multitude of ways, but the baseline is to get the best bang for the buck, to try to get the best market value we can.

MR. DAVIS: The commissions on the large projects would be very high in absolute dollars if we went out to the private sector to market all of them.

THE CHAIRMAN: Final supplementary.

DR. PERCY: Pardon me?

THE CHAIRMAN: Final supplementary.

DR. PERCY: Final?

THE CHAIRMAN: Yes.

DR. PERCY: Just because I called you Madam Chairman, you rob me of a . . .

THE CHAIRMAN: For the benefit of members, you were getting into a conversation, and if you get into a conversation, your questions are going to go very quickly. I would make sure you've completed what you're asking before the answer starts.

Final supplementary.

DR. PERCY: In terms of professional consulting and other fees listed under expenditures, I notice that the actual was \$324,000 and the budgeted was \$277,000. Do those fees in fact include some of

these real estate fees and other types of fees? Exactly what is contained in that set of fees? Who gets what?

MR. THURBER: There could be a variety of things included in that. I'd ask Bob to get into the specifics, because he's the number cruncher in this group.

MR. LEITCH: To answer the first part of your question, it does not include real estate commissions. Any sales we show are net of those kinds of direct costs. The last year or so we've basically moved to use individuals on contract, actually starting in '93-94, as opposed to employees. As we've wound down the operations of MASL over the last two and a half years, a greater proportion of those people are on a contract basis. That's where a majority of those funds are.

9:00

THE CHAIRMAN: Thank you very much.
Moe Amery.

MR. AMERY: Thank you. Good morning, Mr. Minister. In public accounts, volume 2, page 117, program 5, the capital expenditures for the registries information and distribution program total about \$1.2 million, and that amount represents almost 90 percent of the departmental total. I wonder if the minister can provide some information on the nature of these capital expenditures.

MR. THURBER: Can you deal with that, Bob, please?

THE CHAIRMAN: Mr. Leitch.

MR. LEITCH: Thank you. Those funds were primarily used to establish the private agent network. That involves something in the order of about 230 registry agent locations right across the province. That was the one-shot establishment of that system.

THE CHAIRMAN: Supplementary, Moe.

MR. AMERY: Thank you. The amount expended on capital investment for registry information and distribution represents an overexpenditure of about half a million dollars. I wonder why this amount hasn't been budgeted for.

MR. LEITCH: The decision was really made well into the budget process, and once the decision was made, it was decided to do it all at once rather than spread it over several years. So it was just a question of compressing the process.

MR. AMERY: Okay. My last question is: what has been the saving in the privatization of registry services?

MR. THURBER: Well, it appears that the base budget for registries was just over \$59.3 million and 955 full-time equivalents, but the privatization initiative and administrative economies from amalgamation of the various registries resulted in a savings of 127 full-time equivalents and \$7 million by the '93-94 year-end.

THE CHAIRMAN: Thank you, hon. minister.
Peter Sekulic.

MR. SEKULIC: Good morning, and I won't risk labeling anyone. Mr. Minister, I'll take you to page 197 of the public accounts 1993-94, volume 3. My first question will be with regard to the

professional consulting and other fees where you've run over the budget by about \$50 million. I'm just curious as to why this overexpenditure occurred.

MR. THURBER: Well, part of this was – again, we moved to a lot of contracting rather than entering into longer term employer/employee relationships. Is there severance involved in that, Bob?

MR. LEITCH: In a few cases there was, but I don't believe the figures were in the millions of dollars there. Those don't have the three zeros behind it, so that would be, for example, \$324,000 in actual '94 dollars.

THE CHAIRMAN: It's early in the morning.

MR. SEKULIC: It is early in the morning. Thank you. So that was only \$50,000.

In terms of the employee termination costs, you have \$343,000. I'm just curious. How many of those employees who have been terminated have been brought back on contract? Do you have a specific number?

MR. THURBER: It would be very minimal.

MR. LEITCH: Just a minimal number. Some of those termination arrangements actually go back to the time when a number of staff were carried forward from the Alberta Mortgage and Housing Corporation to the disposal organization. In leaving AMHC they were entitled to a termination payment, but the arrangement was that they were not to be paid until such time as they left the disposal organization.

MR. SEKULIC: I just wanted a number on that one.

The final supplemental: is there a public listing of all agents who have handled sales for Municipal Affairs?

THE CHAIRMAN: Just before we go on, I understand from Mr. Sekulic that he was looking for a number. Would it be possible to get that number at some point in time, please?

MR. THURBER: We could obtain the number, yes.

THE CHAIRMAN: Repeat your question.

MR. SEKULIC: The final question I have: is there a public listing of all agents that Municipal Affairs has utilized for land sales or property sales?

MR. THURBER: I believe we could put it together. We don't have that at our fingertips, but certainly we could put something like that together for you.

MR. SEKULIC: Great. I'd appreciate that. Thank you.

THE CHAIRMAN: Thank you, hon. minister.

MR. COUTTS: Good morning. Mr. Minister and gentlemen, I'd like to look at page 118 of volume 2 of the public accounts, revenue for motor vehicle administration fees. I'll wait until you find it. It's under fees, permits, and licences, motor vehicle licences, five items down. Have you got it? To find out where we're at here, do you see under fees, administration fees?

MR. THURBER: Yes.

MR. COUTTS: Okay. We notice an increase from \$3.3 million in 1992-93 to \$5.5 million in '93-94. I'm wondering what the reason is for that increase, and can we expect to maintain that level of \$5.5 million in future years?

MR. THURBER: I'll just give you a brief outline on that, and then I'll ask Bob to get into the specifics. The privatization and closure of motor vehicle offices commenced in October of 1993. To try to not attract business from the private registry agents, the motor vehicle offices and mail-in vehicle registration program charged the same service fee as the registry agents. You might want to elaborate on that a little bit, Bob.

MR. LEITCH: Well, that's essentially the story. In that particular year, then, there was an increase in revenue as the transition was made. To answer the latter part of your question: no, that revenue source will drop back down again because the business has now shifted to the private agent offices.

MR. COUTTS: Thank you.

Also on page 118, at the very top where we see transfers from the government of Canada and see that listing there, there were no transfers in 1993, yet there was a \$73,000 transfer in '94. Could the minister or his department explain the reason for this transfer, and again is this expected to continue?

MR. THURBER: I'm afraid I don't have the information at hand as to what that \$73,000 would be for. It could be for any one of a number of things. I'm afraid we'll have to get back to you. We'll have to search that one out and get back to you on it.

MR. COUTTS: Okay. Thank you.

If we can go skipping around the page – and I'm sorry – to other revenue, subheading miscellaneous, right down at the bottom of the page, sir, under the "other" category, that also shows an increase in revenue from \$20,000 in the red in '93 to \$4,657,000 in '94. Could the minister comment on that?

MR. THURBER: Could you start on that one, please.

MR. LEITCH: Okay. Again, it was a one-time situation. Two funds were involved: the registry's assurance fund and the personal property security fund. Up to that point in time fees had been placed in a fund, and any claims arising out of actions in those two registries were paid out of those funds. The volumes coming out were very low and it was felt that didn't justify the kind of administration around them, so on a one-time basis the residual values in those funds were transferred back into GRF and, from that day on, any claims or anything arising are paid directly out of GRF. There was also some reclassification of some corporate registry revenue as well, but the majority was for the first reason.

THE CHAIRMAN: Thank you very much.
Nick Taylor.

MR. N. TAYLOR: Thank you, Ms Chairperson. Did I get it right? Talking about housing, using the word "Madam" is not always a good idea.

THE CHAIRMAN: Madam is all right; it's Madame that concerns me.

MR. N. TAYLOR: Hon. minister and worthy Auditor General – you notice how we really praise him before he's had his first report. There are a number of things. First of all, the Mobile Home Sites Tenancies Amendment Act was actually passed in '92. Could you refresh me? I don't think it was proclaimed for a long time. Or is it proclaimed yet?

9:10

MR. THURBER: No, it's not proclaimed yet. This Act is quite similar to the Landlord and Tenant Act, and it hasn't been proclaimed at this point in time. As I mentioned in the House the other day, we're still looking at this. But certainly it hadn't been proclaimed when these accounts were put out.

MR. N. TAYLOR: Then I'd like to go to page 188 in public accounts, volume 3. It's just a technical one again. You list acquisitions and transfers and loss or, in brackets, gain on sale of assets. In real estate you had a \$12.9 million gain and in land a \$4.5 million gain. I was wondering if that gain is . . .

THE CHAIRMAN: Have you found it, hon. minister?

MR. THURBER: Yeah.

MR. N. TAYLOR: Pardon?

THE CHAIRMAN: That's all right. They've found it.

MR. N. TAYLOR: Did you find it? Yes. It's about 40 percent of the way down page 188. You have operating activities and then noncash transactions and loss or, in brackets, gain on sale of assets. What I wanted to know was whether that gain was from an evaluation or write-down that we had, or was it from the actual purchase price that we made? In other words, it's like my accountants telling me sometimes how much money I make, and I find out it was from a write-down rather than what – I'd already lost half the money.

MR. LEITCH: I believe it's the latter part of that really. What has happened on the assets remaining on the books: we've written them down from the original cost to a net book value. If in fact we sell them for more than that net book value, we show that as a gain. So the write-down has been taken previously.

MR. N. TAYLOR: The other one I'll leave more to develop on later.

All through your report I notice you lump rural and native housing together. As the native critic in the Legislature, I'm very interested in native housing. There's certainly a difference between rural and native housing. Why do you lump them together? First, why? I'll go on later on when I get my second turn.

MR. THURBER: Well, I think originally it probably started out as native housing and then it moved into the rural area. It took in some of the Metis and natives that maybe aren't on the reserves and took in a whole pile of rural scenarios and got to be an emergency program. So it was just expanded, Nick, from day one to that.

You might want to elaborate on that, Jack.

MR. DAVIS: Well, the other point is that the federal government subsidy cost-sharing programs identified rural and native as a separate program and category that applied to housing built in

smaller communities or specifically targeted for natives. So it's really a federal initiative.

THE CHAIRMAN: Thank you.
Jocelyn Burgener.

MRS. BURGNER: Thank you, Madam Chairman. Good morning. I'd like to refer to page 117 of volume 2, public accounts and discuss the issue of assessment services. I know we've talked about it a bit this morning. Oh, I'm sorry. It's not assessment; it's the registries. A question first of all on votes 5.0.1 and 5.0.3 on the overexpenditure. Is there an explanation for that?

MR. THURBER: I'm sorry. I was trying to find it in my . . .

MRS. BURGNER: I'm sorry. Page 117, vote 5, registries information and distribution. I know we've been talking this morning about the efficiency of the one-stop shopping for the change in registries, but there are two overexpenditures in those votes. I'm just wondering if there's an explanation.

MR. THURBER: Briefly on that, I think there was about a 6.8 percent overexpenditure on it. With the formation of Alberta registries from a number of government departments – and you've got to realize that with the amalgamation that took place to bring all these things together and try and get them in the right place for the job they were doing, there was the Attorney General's office, the solicitor general, Health, consumer and consumer affairs, and the transfer of ADP hardware and software that was in some cases obsolete and incompatible. It was necessary to purchase some new equipment to try and get everything compatible and bring it into line with what we needed to do at that point in time. So I think that's probably where the biggest part of it came from: to purchase new equipment to make them all compatible with each other and get the job done properly.

MRS. BURGNER: If I may, then, that would almost be like a one-shot deal, and the public wouldn't expect to see that overexpenditure in the ongoing operations of this.

MR. THURBER: No. Not in that area for sure.

MRS. BURGNER: Okay.

My third supplemental has to do with the success of the privatization. Will there be any review to identify whether or not it has been cost-effective to have done it that way?

MR. THURBER: Yes. In fact we try to do that before we even go out to the private sector. There are ongoing reviews, particularly in this department, to make sure that this in fact happens, that the benefits are there. I might mention the improved access and service levels to the public. We have a lot of agents that are open now on evenings and weekends. In fact, it seems to be working out rather well, but we continually go back and review it to make sure it's performing the service we set out to have it perform at a very economical rate. The economies have to be there and the proficiencies and efficiencies have to be there or we step in and try and change them to meet the needs of the public in those areas.

MRS. BURGNER: I just want to tell you that it is working really well in our community. Thanks.

THE CHAIRMAN: Thank you, hon. minister.
Terry Kirkland.

MR. KIRKLAND: Thank you, Madam Chairman. Welcome, Mr. Minister. I'll direct you to page 370 of volume 2 of the public accounts. Looking at one of the items listed there, it's other full-time staff, average '94 and '93. Just to use round figures, it looks like on average the staff are about \$40,000 per person. I wonder if the department is meeting the private sector in payment of wages. When I look at that particular item, it strikes me that that's your support staff, clerical and otherwise, because managers and the likes of that are addressed in the line above it. I assume this is clerical and the likes of that. Just to reiterate my question: is the department meeting the private sector in paying those sorts of wages?

MR. THURBER: We probably are in some areas, but I'd let Bob get into specifics in the manpower end of it. Certainly we have well-trained staff and try and pay them according to their talents. It's always been our practice to do that.

MR. LEITCH: It covers a wide range of staff, certainly clerical staff but professional nonmanagement staff as well. Those salaries certainly in a number of cases go above that average. At that time it included all the assessment staff. Those individuals would have been paid in that order of magnitude. So it covers quite a scope of individuals.

THE CHAIRMAN: Supplementary, Terry.

MR. KIRKLAND: Okay. Moving back to page 116 of the same volume, looking the seniors' emergency medical alert program, there were considerable dollars that went unexpended. Is that an indication that that program is not successful, or why is that program not living up to what was budgeted?

9:20

MR. THURBER: Well, in the medical alert program, when that program first came in, we gave a grant to seniors or anybody that wanted this particular medical alert. In fact, it was a button they carried on a chain around their necks. We actually established the price on those, and it was a program that lasted for some time and has now been included with some other programs. In one respect it was very successful and in another respect it probably wasn't the best way to do it in retrospect, because we actually gave the grant to the person and when that person was finished with it or was deceased or whatever, this became part of the estate as opposed to staying as part of the system.

MR. KIRKLAND: You won't find a line item on the big building looming to the northwest, the federal building. I know there was a plan at one point to do something with it. Is that simply on the open market at this point for redevelopment?

MR. THURBER: That was certainly under my previous portfolio of minister of public works, and that's where it still is.

THE CHAIRMAN: Thank you.
Carol Haley.

MS HALEY: Thank you, Madam Chairman. To the minister. If you would refer to your public accounts, volume 2, page 115, reference 2.4.4, my question is with regard to the expenditures for assessment operations. I would like your ideas on how the municipalities will obtain their future assessment services with privatization in this area.

MR. THURBER: I guess we're moving out of this a little bit this year, but at the same time I think it's worthy of comment. My estimation at the present time is that the privatized assessment services are working rather well. They're getting into agreements with different municipalities, and the majority of the assessors that left this department for the private sector are doing good. It provides a competitive basis out there for the municipalities to deal with assessment, and I haven't seen a lot of glitches in it. We think it's more economical and a more viable way to go with it, bearing in mind that we did retain that portion of the assessment that deals with the linear assessment, which is pipelines, power lines, and communication lines.

MS HALEY: With reference to 2.4.6, it shows the expenditures for assessment standards and inspection. Why did the department eliminate subsidies for municipalities whose assessments were prepared previously by the department?

MR. THURBER: Do you want to deal with that, Jack?

MR. DAVIS: Yes. Basically the position of the government was to look at all services that were supplied to municipalities and determine which of those should be carried out by municipalities and which merited some form of subsidization. The previous system was very incoherent. Some municipalities received no subsidies at all, some municipalities received a partial subsidy if they carried out the assessment themselves, and other municipalities received a much larger subsidy if we carried out the assessment. The policy decision of the day was that property assessment in taxation was fundamental to a municipality and if you don't have the resources to carry out that fundamental activity yourself, then you should look at restructuring or amalgamation. So it's just basically a policy decision. At the same time, the way assessments are done has changed as well, and the new Act doesn't require property inspection and assessments as regularly as the old Act did. With market value assessment and computer technology, it's possible to reassess properties on an indexing basis, and we think the overall cost of the system as a result of privatization and computerization will drop as well. So the cost shouldn't be as heavy for municipalities as it would have been under the old system.

MS HALEY: With regard to what you've just answered, a number of the smaller municipalities and the smaller communities are concerned that we've now asked them to do this on a yearly basis as opposed to once every seven years. Are we maintaining any kind of pool to help them?

MR. THURBER: Well, certainly we can assist them in advice, Carol, but if they don't have the resources to do this, then they should look at their overall structure. Even doing the assessments and evaluations on a yearly basis, as we've moved to the market value with the computer technology that's out there, it's a very simple matter for them to update that once a year. Certainly several municipalities can go together and hire the same assessment firm. We believe in the long run it's much more standardized throughout the province and much more economical than it was before.

THE CHAIRMAN: Thank you, hon. minister.

MR. McFARLAND: Good morning, Mr. Minister and staff. I've got a couple or three questions on page 115 of volume 2. By way of a compliment, Mr. Minister, in this particular volume there are

very few areas in your department, I believe, that have been overexpended, or if they have it's been relatively small amounts, and I will focus on those.

At 2.5.1, under regulatory boards, the department shows an overexpenditure of \$62,000. Although it might seem rather small, could you explain what these regulatory board overexpenditures would be comprised of?

MR. THURBER: Well, there are two things. One would be to try and clear up whatever backlog there was in the assessment appeals, and the other would be connected to the severance packages. Even at that point in time this department was moving forward quite rapidly in the downsizing, so you have the one-time shot of severance packages and trying to help people move from the public sector to the private sector. That's where they would come about.

THE CHAIRMAN: Supplementary.

MR. McFARLAND: Thank you, Madam Chairman. Up near the top again, under departmental support services, 1.0.3, finance and administrative services, again there's a relatively small \$99,000 overexpenditure. Would that again be some of these severance packages?

MR. THURBER: It could be partly severance, and it could be administrative in trying to co-ordinate and bring parts of five different departments together at that point in time. It would be basically a one-time expenditure to put some people in place to make the departments function as one.

MR. McFARLAND: Now we're down near the bottom of the page, 3.1.1 under administration of housing programs. The largest overexpenditure in that area is under divisional support. I'm going to anticipate your answer. If it is partially severance, could you indicate how many people this would represent?

MR. THURBER: Again, you're absolutely right. That would mainly have to do with some of the severance packages. I don't know if I have the number of FTEs in that particular area, but it was considerable. That was one of the areas we basically got out of, and we sold off some of the properties and things.

MR. DAVIS: Actually, you'll note that in the totals there the expenditures in the housing programs area are down by \$3.2 million overall, so any overexpenditure has been covered off and more than made up for.

MR. McFARLAND: Yeah. That was the compliment I was trying to give at the beginning. It's kind of nice to see.

MR. CHADI: Mr. Minister, my questions are going to be with respect to Alberta Mortgage and Housing Corporation and particularly volume 3, page 192 to start. Note 7 indicates that the debentures payable to the heritage savings trust fund are down from 1993 to 1994, but still being \$1,366 million at a weighted-average interest rate of 10.46 percent. Yet the same type of debenture is payable to Canada Mortgage and Housing Corporation: approximately \$105 million in 1994 at a weighted-average interest rate of 9.1 percent, which is about 1.5 percent less than what we pay the heritage savings trust fund. Of course it's been said that since the general revenue fund funds certainly the shortfall here with the Alberta Mortgage and Housing Corporation and then of course the Alberta Mortgage and Housing Corporation pays interest back to the heritage savings trust fund in this

revolving accounting, given the fact that it's 1.5 percent more than we'd pay elsewhere, many Albertans would suspect that we're beefing up the heritage savings trust fund by doing so. Was there any negotiation at all or any consideration given, since it is internal, to reducing this amount of interest that is paid back to the heritage savings trust fund, at least to where it would be equivalent to CMHC? Given the fact as well that the Premier was traveling and went to Newfoundland and mused about giving them an interest rate break from the heritage savings trust fund, can't we do it for ourselves?

9:30

MR. THURBER: Well, I'll just make a very brief comment and then ask Bob to fill in with the specifics. Certainly we do borrow money from the heritage savings trust fund and we do have to pay it back, and those are negotiated at the time according to government policy as to what that interest rate might be. Bob, you might want to get into the specifics as to how mortgage and housing fits into this as well.

MR. LEITCH: The difference in the rates really just represents a bit of a timing difference in terms of when the mortgages were taken out. Certainly a significant portion of the borrowings currently outstanding were done in the high-interest years of the late '70s and early '80s as far as the main portfolio goes. The agreement at that time was that those were going to be renewed on a five-year basis based on the 25-year rates. That's the policy we've been living with since that point in time. Now, we have had discussions with Treasury as to possibly paying out some of the higher rate mortgages. To date there's been no decision on that.

MR. CHADI: At discount prices.

MR. LEITCH: They would be at current rates.

THE CHAIRMAN: Supplementary, Sine.

MR. CHADI: Yes. Let me go to page 187 of the same volume, again with respect to Alberta Mortgage and Housing. Under expenditures I see selling expenses as well as agents' administration costs. At first glance, selling expenses would seem to be probably real estate commissions. What would agents' administration costs be?

MR. THURBER: These would deal mainly with administration costs associated with public nonprofit management agencies. That's where they would fit in primarily.

MR. CHADI: I'm not quite clear on that, but I hope we'd be able to get a further explanation.

THE CHAIRMAN: Could you clarify?

MR. LEITCH: If I may, I could elaborate on that a bit. The costs associated with the management agencies' administration of our social housing projects are collected and included in these books. For example, the cost you're looking at in 1994 of \$12,809,000 represents the administration costs incurred by local management agencies in running lodges and various facilities. It's not related at all to the sale of assets.

MR. CHADI: Fair enough.

THE CHAIRMAN: Final supplementary.

MR. CHADI: Yes. Again, just above that, grants and subsidies. I know the Member for Redwater was talking about rural and native housing, and I suspect maybe some of these subsidies refer to that. I'm not clear, and I'd like you to expand on that a bit. Given the fact that grants and subsidies are lumped together, give me an explanation of both, and perhaps we can get a breakdown of the different grants – to whom – and subsidies.

MR. THURBER: Bob, can you give us some specifics on that?

MR. LEITCH: Well, in general terms these are things like grants to lodges. They're calculated on a formula basis, based on their administration costs and so on. That would probably be a significant chunk of it. We could certainly provide detail on each project and how much it received. We keep quite detailed track of that.

MR. CHADI: Does rural and native also fit under this though?

MR. LEITCH: That might be . . .

MR. DAVIS: I think, Bob, this would be a combination of the lodge assistance program, which is the operating grant to the lodges, and also the debenture repayments on lodges. We can actually break that down for you specifically.

THE CHAIRMAN: Mike Percy.

DR. PERCY: Thank you. My questions relate to volume 3, commercial enterprises, the ALCB, pages 247 to 249. My first question is a sort of general question. If I wanted an idea of the overall costs of privatization, would it be fair that I would look at note 13, which gives you one element of it, which is the \$36 million in terms of the cost of terminating retail operations; the unfunded pension liability which had to be assumed immediately, which would be note 7; and then the contingent liability set out under note 15, the \$35 million? Would that give me an upper bound estimate of the costs of terminating the ALCB?

MR. THURBER: Hon. member, as you are well aware, that's no longer part of this portfolio, so we did not bring any numbers here to speak about the history of this. I think your questions would be better directed to the minister in charge of the ALCB.

DR. PERCY: Well, it is included, though, in the public accounts under Municipal Affairs.

MR. THURBER: Yes, it was at that time.

THE CHAIRMAN: Would it be possible to get a written reply, please?

MR. THURBER: We can take that and get you an answer for it.

DR. PERCY: Could I then give you the questions?

MR. THURBER: Sure. We'll get the questions and get back to you.

DR. PERCY: I'll just repeat the first question. Would it be fair to say that that is an upper bound estimate of the costs of privatization, including the contingent liabilities for the leases, as well as the actual costs of terminating plus the up-front unfunded pension liability?

MR. THURBER: I don't know if it would be fair to say that or not, but we'll get you the answer.

DR. PERCY: The second is related to the contingent liability and note 15. It says:

With some exceptions, for which provision for loss has been made, the payments to be received on the sub-leases are equal to the lease payments to be made.

My question would be: what are those exceptions, and what is the nature of the deal that has allowed other commercial entities to enter the unused – I mean, how much of a break are they getting? Would it be possible to get a listing of who in fact is receiving those benefits?

MR. THURBER: Again, we will take your question forward and try and get an answer for you.

DR. PERCY: The final supplementary relates to note 5 on mortgages receivable and the Calgary warehouse. I would just like to know the process by which the board entered into the first mortgage agreement. What was the rate on that, and to what extent was it market driven?

MR. THURBER: Okay. I thank you for the questions. We will get the answers and get back to you.

THE CHAIRMAN: Barry, do I understand that you're deferring to Hung?

Hung Pham.

MR. PHAM: Good morning, Mr. Minister. From the balance sheet of Municipal Affairs, on page 197 in public accounts, volume 3, I note that assets of cash have increased dramatically from 1993 levels. Could you please comment on the return being made from the sale of Municipal Affairs social housing assets?

MR. THURBER: Do you want to deal with that one, Bob?

MR. LEITCH: Yes. Could I have the question again, please?

THE CHAIRMAN: Hung, could you try and speak up just a little bit, please.

MR. PHAM: Okay. I'm referring to volume 3 of public accounts, page 197. I notice that assets of cash have increased dramatically from the 1993 level. In 1993 it was \$247,000, and in 1994 it is \$14 million. Can you please comment why that is the case?

MR. THURBER: It reflects the closing of mortgage and real estate sales at year-end. As you're well aware, we've been trying to get out of a lot of this stuff in the last few years. We were quite successful in selling some of the mortgages and some of the real estate and achieving good market value for them. So that's where this revenue comes in there.

9:40

MR. PHAM: On the same page, in the statement of revenue and expenditure of Municipal Affairs Sales Ltd., I see that the professional, consulting and other fees were more than budget by \$46,000. It's line 2 there, professional, consulting, and other fees. Can you please explain why this overexpenditure occurred?

MR. THURBER: Well, as we go through this process of trying to move this property out and trying to do it with contractors and

professionals and consultants of one sort or another giving us the best advice and the best way to achieve the best results out of the sales of these properties we're trying to move out of, that's where that fits in.

THE CHAIRMAN: Final supplementary, Hung.

MR. PHAM: Thank you. Moving on to page 199, note 7, legal claims amounting to \$614,000 have been filed against the corporation. Can you advise us on that status of this one? Do you have any plan to account for this amount of money if it turns out that we lose the case?

MR. THURBER: Perhaps you could deal with that one, Bob.

MR. LEITCH: Yes. We can obviously track these very closely. Our view is that MASL at the moment is not at risk in a material way from these claims. If that view changes or a new claim comes along, we evaluate it. If there's a real possibility that we would have to pay, then we would take some sort of direct provision against our statements with that.

THE CHAIRMAN: Thank you.
Peter Sekulic.

MR. SEKULIC: Thank you, Madam Chairman. I'll be referring to volume 3 of the public accounts, the Alberta Mortgage and Housing Corporation, page 192, note 8. It's with regard to the deficit, and this time it is in thousands of dollars, millions. The first point I'll refer to is the loss on foreclosures and mortgage renegotiations. I see there's a decrease of \$30 million from the previous year, from 1993 to 1994. I wonder: could you please explain whether there has been a decrease in the number of foreclosures? Why has that come about?

MR. THURBER: Perhaps you could deal with that, if you would, Bob.

THE CHAIRMAN: Bob Leitch.

MR. LEITCH: Thank you, Madam Chairman. The unfunded operating deficit arises as a result of the fact that if assets have not been disposed of as yet, we do not in fact fund from GRF those provisions we've allowed for. For example, where you see loss on foreclosures and mortgage renegotiations, that's a provision that we've made. We have not disposed of the asset, so we call it part of the unfunded deficit. At such time as we dispose of the asset, we secure the funding for the provision from GRF and pay it off and that disappears. So what you're seeing as the last few years have gone by and we've disposed of a number of the assets: that realized loss has occurred, we've funded from GRF, and the provision is decreasing.

MR. SEKULIC: Maybe you could give me an explanation along the same lines of the next category, housing. There's a \$3 million increase in the amortization. Could you give me an explanation as to how that came about?

MR. LEITCH: That is social housing there, and in fact several new projects came on stream that increased the amortization.

MR. SEKULIC: My final supplemental is with regard to the land category. There is a decrease in the write-down of cost, and there is an increase in the allowance to reduce cost to net realizable

value, consequently leading us to about a \$10 million overall increase in that land category. Could you give me a description as to what happened there?

MR. LEITCH: Well, earlier we referred to our annual review of the realizable value of these assets. Again, each spring when the annual audit comes up, we look at the portfolio, look at the values from a market perspective. If the values are going down – and they have in a number of instances – we increase the provision, and that's what you see there. We're reducing our costs down to our realizable value, and that's the total provision we've taken to date on the remaining assets.

THE CHAIRMAN: Thank you, Bob.
Julius Yankowsky.

MR. YANKOWSKY: Thank you, Madam Chairman, and good morning to everyone. My questions are regarding staff and salaries, and they're all found on page 370 of public accounts, volume 2. In schedule 28 – that's at the back of the book, on page 370 – salaries and benefits of the department are detailed. Now, of note here is that there has been a significant decrease in total salary and benefit dollars expended and the number of individuals employed by the department. My question is: is this downsizing trend expected to continue?

MR. THURBER: Well, as I mentioned earlier, this department has always been fairly well at the forefront in the amalgamation and downsizing of government. In fact, we've been ahead of schedule in trying to achieve the goals that were necessary. We believe that the majority of the downsizing and the displacement of people is behind us now. There may be some further, but on a minimal basis. There are some other things that we think can be handled better by the private sector, but we're getting into the future more than into the past on this. But yes, as a general statement, the worst is behind us.

THE CHAIRMAN: Supplementary, Julius.

MR. YANKOWSKY: Thank you, Madam Chairman. My first supplementary is again regarding staff. What changes, if any, have there been in the number of Municipal Affairs senior management since 1993-1994.

MR. THURBER: There's been quite a difference. As I mentioned earlier in my opening remarks, I believe we've gone down by at least three ADMs and, of course, a lot of senior management. We've gone from close to 2,000 employees to under 1,000, and it was proportionately shared by the management and the lower management area and working end of it. So certainly we were very consistent in making sure the upper administration was dealt with in the same fashion as anybody else was.

THE CHAIRMAN: Final supplementary, Julius.

MR. YANKOWSKY: Thank you, Madam Chairman. My final supplementary. I notice that every executive listed received a higher total salary and higher benefits in 1994 over 1993, when we probably would have expected to have seen a decrease in salaries and benefits. My question is: why did these individuals receive higher remuneration?

MR. THURBER: There were a number of reasons for that. In some cases it was people who took pay in lieu of holidays. I

guess some of the added benefits would be because of higher costs of those benefits to the department as a whole. Some things have increased. Health care costs and things like that have gone up in some manner, and part of that comes out of our administration as opposed to out of the wages.

THE CHAIRMAN: Jack, do you want to comment?

MR. THURBER: No. Jack was just mentioning that the 5 percent reduction doesn't kick in quite yet, until after this.

THE CHAIRMAN: Thank you, hon. minister.
Nick Taylor.

MR. N. TAYLOR: Thank you. I'd like to go back to housing where you lump together rural and native, and I suppose native is lumped as Metis and on reserve. I don't know.

THE CHAIRMAN: What page are you on, Nick?

MR. N. TAYLOR: Oh, it's on a number of pages. Wherever they mention it, it's mentioned as a lump. They say rural and native. I don't know how many pages you need.

THE CHAIRMAN: Well, just give us one.

MR. CHADI: Page 191, volume 3.

THE CHAIRMAN: Thank you.

MR. N. TAYLOR: Wherever it's mentioned in the report, they lump it together. I would like to ask the minister if he could give us a breakdown – I know it will take time – of the three categories wherever you mention mortgages or land: rural, native, and Metis.

9:50

MR. THURBER: Well, I suspect it may be possible but very difficult, because they do overlap. I mean, you have the native component that's actually on reserves, you have the Metis component that is actually on Metis settlements, and then you have those outside the reserves and outside the settlements. A lot of times it's pretty hard to tell whether it is just rural or whether it impacts on the native or Metis.

MR. N. TAYLOR: Well, put it this way: you may have trouble telling rural or urban, but I don't think you'll have trouble telling Metis or native, because there are federal moneys and you have your accord. Remember, we signed an accord with the Metis people. Could your department just give me – forget about the rural – in those categories of mortgages and land how much is native and how much is Metis?

MR. THURBER: I'll just make one comment on it and then ask Jack to comment as well. I know that out in my area of the country there are a lot of native people who are in fact rural people. How do you disseminate between that? I guess that's where I would have a problem.

MR. N. TAYLOR: Well, I answered that . . .

THE CHAIRMAN: I don't want to get into an exchange. We'll let Mr. Davis supplement.

MR. N. TAYLOR: Well, as an explanation of my question, I'm not worried about rural. Forget rural. I'm only concerned as to whether you could give me a breakdown of what loans went out to the Metis and what went out to natives. Forget the rural.

MR. THURBER: Do you want to comment on that, Jack?

MR. N. TAYLOR: You must have it, because federal money comes in with it. I don't know why you'd lump them together.

MR. THURBER: But there really is an overlap in certain parts of Alberta where it's a little hard to tell whether it's just rural or just native. They do overlap because of the federal money.

Jack, would you comment on this?

MR. DAVIS: Well, it basically would be very difficult. The program has perhaps been poorly named. Maybe it should have been named "rural and native communities," because I think the original targeting of the program was for small, sparsely populated communities. Some of them were native communities; some were just rural communities. But we wouldn't keep a record as to how many Metis or non-Metis people would be in these houses, say, in Wabasca or in Calling Lake or places like that.

We have no roll on reserve, a very limited roll with our emergency trailers that we're moving out of. The on-reserve programs were funded exclusively by the federal government. So it's really just a program for small, remote communities. The focus of the program these days is remote communities. Whether you're Metis or Indian or nonnative and you live in one of these communities, you're eligible.

MR. N. TAYLOR: Well, I don't agree with them at all. It says in one of the notes – and I haven't got that – that you don't lend any money anywhere except in these areas. In this day and age of native self-government where we're co-ordinating federal and provincial funds, I can't help but think, as some of my native, First Nations people tell me, that you're hiding how much in federal funds has been coming through their program to you for native peoples. In other words, there isn't honest accounting – pardon that word there – there isn't up-front accounting as far as what we are spending and granting to our native peoples under this type of heading. It's a heading that means nothing. It does not show what it's costing the taxpayers of Alberta. It does not show how much in federal funds is being funneled through.

MR. THURBER: First of all, we don't track clients by their ethnic origins.

MR. N. TAYLOR: Well, you have to in order to get federal money.

THE CHAIRMAN: Nick, I have to cut you off. I've been very permissive.

MR. THURBER: I'll ask Bob or Jack to add a few comments to that, but as Jack said and as I said before, it would be very difficult to track it on that basis.

MR. LEITCH: It would be very difficult to split out the homes in the rural areas as to whether they're native or nonnative, other than a one-by-one review. We certainly don't classify people when they come on the program.

THE CHAIRMAN: Might I suggest to the hon. member that after we adjourn, at a later date you and the minister could have a discussion about this.

Do you have any final comments on this, hon. minister?

MR. THURBER: No, other than that it's very true. I can go in my own community where I know there are natives involved in these programs but they don't live on a reserve. They own some land out there and are involved in these programs, but we don't track them by ethnic origin at all. And we're certainly not hiding any money, as you insinuated.

THE CHAIRMAN: Thank you.

I would like some direction, Barry. Do you wish to ask a final question?

MR. McFARLAND: Well, if it's more convenient, given the time, Madam Chairman, I would move that we adjourn.

THE CHAIRMAN: Before we adjourn, Terry.

MR. KIRKLAND: I have a couple of questions I would like to put before we do that.

THE CHAIRMAN: Well, I'd have to offer them to the government members, if there's someone in there that wishes to ask a question. This time it's their prerogative.

MR. McFARLAND: Madam Chairman, I think you've got some winding up to do before the meeting adjourns, and my motion would stand.

THE CHAIRMAN: Okay. I would like to deal with the next meeting and that information.

At this time, hon. minister, thanks to you and your staff for making yourself available and answering questions. I would request that the written responses be sent through Corinne, please. Once again, to the Auditor General and Nick, thank you for being in attendance.

I'm very pleased to say that on April 12 next week we will have the Hon. Ralph Klein, the Premier, appearing before Public Accounts. I would ask you to be timely, as you should for all Public Accounts meetings, and with that I will accept the motion for adjournment. Thank you. We stand adjourned.

[The committee adjourned at 9:57 a.m.]