

8:32 a.m.

[Mr. White in the chair]

THE CHAIRMAN: Might we have approval of the agenda as circulated?

MRS. O'NEILL: So moved.

THE CHAIRMAN: Mrs. O'Neill. Is it agreed? It's carried.

Might we have a motion on the minutes as presented of the April 14 meeting?

MS BLAKEMAN: I move the approval.

THE CHAIRMAN: It has been moved. Is it agreed? It's carried.

We have an introduction, I do believe. Ms Blakeman.

MS BLAKEMAN: Thank you very much, Mr. Chairman. I'm very honoured today to introduce to you and through you to the others joining us in the Assembly a few people that are joining us in the gallery. In particular I would like to make note of Sam Cronje, who is the head of the department of finance in Mpumalanga, South Africa. He is accompanied here today by a few Treasury officials, particularly Abu Jaffer and Ann Hammond. I'm wondering if people could join me in welcoming these people to the Assembly today to watch our proceedings.

THE CHAIRMAN: Thank you.

We have the Hon. Iris Evans, Minister of Municipal Affairs, with us today. Madam Minister, if you could introduce your staff, we'll have the Auditor General introduce his, and then we would appreciate a brief dissertation on the highlights of the year in question from the department.

MS EVANS: Thank you very much. To my immediate right is Deputy Minister Eric McGhan, and to my immediate left is Keray Henke, who is the executive director of finance and administrative services. Next to Keray is Perry Twaits. Perry is manager of accounting services. Rick Beaupre is the assistant deputy minister in charge of housing and consumer affairs, and Brad Pickering is assistant deputy minister of local government services. Behind me we have Joe Wong, who is the manager of budget and registry support, and Larry Austman. Larry's title is executive director of corporate services.

Mr. Chairman, as I introduce these individuals, I believe it's fair to say that this is an entirely different team than was sitting on this bench last year. That has been the result of some retirement and our seconded deputy minister, Bob Holmes from Calgary, going back to Calgary and some new people in new positions and some faces that have been here before in other capacities perhaps. But we welcome everybody here today.

THE CHAIRMAN: Mr. Auditor General, sir.

MR. VALENTINE: Thank you, Mr. Chairman. On my left is Jim Hug, assistant Auditor General with responsibilities for the Department of Municipal Affairs. On my immediate right, Ronda White, a principal in my office involved in the departmental audit, as is David Birkby, another principal in my office. In the gallery is Ian Sneddon, a manager with responsibilities in the department, together with two of our brilliant students in accounts, Suzanne Morter and Ann Phan.

Thank you.

THE CHAIRMAN: Thank you, sir.

Madam Minister, I think you might lead off.

MS EVANS: Thank you. I should have included and did not take the privilege of introducing in the gallery from our office my executive assistant, Elan Gough, and Jody Korchinski in communications, who is the assistant director in communications. They are to the left of Ann Hammond. I don't think I've missed anybody.

Well, thank you very much. It's a pleasure to be here today to review the '97-98 fiscal year. Our department is a financial contributor, generating significantly more revenue than we spend. Our expenditures, as well, came in underbudget, contributing in fact \$27.9 million to the general revenues. Staff reductions I highlight because it is part of the program delivery system predominantly in registries. A hundred and thirty-nine people have left Municipal Affairs, and 78 new staff have joined us.

We did meet and often exceeded our business plan targets in this year of '97-98, and I'll start first with the year 2000. We started many projects predominantly there with impacts in registries and consumers and in other areas as we made sure our department was totally ready for the year 2000, and we've been reporting our progress to the chief information officer ever since that position was placed in our government. We have spent approximately \$1.2 million to date on Y2K readiness, and the majority of our critical systems, with only minor changes still required the following year, and land titles and vital stats were part of the initiatives that had a major thrust in that particular year.

Our four core businesses -- as you know, local government services and housing and consumer affairs and registries -- I will report on individually. First of all, the local government services budget for '97-98. We spent \$122.4 million in operating expense, of which \$112 million, or 92 percent, went directly to municipalities and other local authorities. We administer, of course, the programs, the unconditional municipal grants program, the grants in place of taxes, the municipal debenture interest rebate program, and a onetime \$5 million grant which was there as an incentive for local authorities to improve their assessments.

May I say that of the previously listed programs, the unconditional grant program has been predominantly unchanged. Other grants in place of taxes or the municipal debenture interest rebate relates in large part to the amount of debt local authorities carry but also relative to the provincial properties, the Crown lands within municipal jurisdictions. When Crown lands are sold, of course, there's no longer a need to pay a grant in place of taxes.

We support a diverse and extensive client base, as you know: 362 municipalities, 2,000 elected officials and their staff, who are accountable to all Albertans, to about 2.7 million Albertans in that particular fiscal year. The diversity is huge, from the city of Calgary with 790,000 residents to the summer village of Betula Beach with three residents. Municipalities employ 33 and a half thousand full-time staff, 48 percent of all federal, provincial, and local government employees in Alberta, and the source of that is Stats Canada. Our municipalities spent \$4.5 billion on municipal services in the year of '97 compared to the province, which spent about \$15.2 billion in the same year.

The highlights of that year. I must say I thoroughly enjoyed the intermunicipal planning workshops, working on co-operation within regions. It was the first time ever that AUMA and AAMD and C sat together, planned together, and worked together, and over 360 officials took advantage of that opportunity. A huge regulatory review took place, and one of the areas that was most successful in working with our stakeholders was the tax allocation of shopping centres, which we sorted out to the greater benefit of communities

as well as to the people that were involved, and the tax recovery on manufactured homes. I would say that through the '97-98 year, it was my distinct feeling that manufactured homes, especially those quality structures that are going in place now in many communities, gained more respect for the type of service delivery they provide not only in affordable accommodation but accommodation that's built to very high standards.

One of the great success stories. I think you heard me say many times in that first year all I wanted for Christmas was assessments done right and administered in the appropriate fashion. The assessment handbook was developed not only with our own assessors internally and in local government services but with the Alberta Assessors' Association, and subsequent to the development in this year, of course, you know that the result of that was an international award recognition that followed that year. The handbook is assisting assessors and is a guide to assessors in the standards, and it has the very best practices included in it.

Our MLA committees continue to work on industrial and farm assessment, and one other key initiative was the nonprofit organization regulation and the changes we made through that year that benefited nonprofit organizations throughout the province, adding clarity to what they were to be assessed in local communities and adding, I think, incentive for the volunteer sector to continue to stay involved.

Focusing briefly on housing and consumer affairs, our operating expenditure was \$93,184,000. We serve over 40,000 housing units and 65,000 Albertans, about 22,000 of which are children. Ninety-five percent of our inventory is administered by 148 housing management bodies. If you look back and reflect, three years previous to that there were over 400 housing management bodies, so significant savings have progressively occurred with the consolidations. But I want to state quite clearly that we are not forcing consolidations, and we are working with communities to make sure we are doing these things in the best way possible. There are, of course, significant numbers of housing authorities and housing management bodies that are exclusive of this budget as well.

8:42

I want to comment that we collect \$150 million per year in rent, \$90 million for self-contained and community housing, and \$60 million for lodges, paying operating costs of over \$160 million, \$80 million of which goes to self-contained and community housing and \$80 million for lodges. If you were sitting in a lodge or sitting at the local level, you would see that there are other significant sources of revenue that are provided. So we may pay as little as 7 or 8 percent of their overall budget, but we may pay more like 15 percent of others.

Our housing revenue. Revenues are tied to a tenant's income and not expected to increase. Our expenses such as property taxes, utilities, and maintenance costs on an aging portfolio are anticipated to increase, Mr. Chairman. The new rent supplement program: we added 500 new units, introduced in '97-98, and of course we've added 400 new units since then.

Who are we serving through consumer affairs? We have about 90,000 consumer-related calls, particularly through this year, about 40 percent of which relate to landlord and tenant problems, often just sharing information. A good part of the staff work out deals with people who phone about telemarketers, door-to-door sales, time-shares, the prepaid funerals, the automotive business, collection agencies, auctioneers, and prepaid contractors. You'll note that legislative initiatives that are taken through our ministry have, in fact, improved significantly. Some of the rules provided disincentives to people who would perpetrate fraud on vulnerable citizens, as well as to try and make sure the marketplace is as fair

and equitable as possible.

We have revenue of about \$245,000 regarding licensing and registration fees for businesses and charities. Highlighting again some of the programs, the harmonization of consumer protection legislation reaches across borders internationally with the United States with work that was done since the signing of the agreement between President Clinton and our Prime Minister related to direct selling and cancellation rules and cost of credit disclosure.

The new rules of Alberta's new Fair Trading Act, which will be proclaimed in September, were in large part developed through this particular year. As you remember, with the Angus Reid survey there was extensive consultation with a number of individuals. We met in September of '97 with ministers of consumer affairs from all across Canada and looked at some of the framework in accelerating the kind of communication and harmonization. Through the course of that meeting that September, actually the new consumer handbook that's in all libraries and with all police -- the initiative for that really started in that particular year with our discussions then. Again, we will be hoping to host a meeting in Alberta later this year to continue some of that dialogue.

Credit Counseling Services of Alberta was probably one of the most successful initiatives. In May of '97 I had the distinct pleasure of going to Calgary and being part of an opening and part of an initiative that was supported by board members from the private sector, from banking institutions, home economics, and others who are directly involved in managing credit and trying to provide a way and means for people not to declare bankruptcy but to engage in appropriate payment. We have continued to support this service. In fact, that support of any financial term will be eliminated entirely this coming year.

But if I may, in 1998, 11,991 individuals were served, an increase of 99 percent, and \$4.9 million was returned to businesses, an increase of 272 percent over other years with business failures. I think that's a huge success story. Our financial assistance in this particular year was just over a million dollars. We will be decreasing by 20 percent, so it's in the year 2002 that we anticipate total self-supporting situations. There are people today, Mr. Chairman, who are collecting statistics that will over time become very valuable to our government in tracking the causes of poverty and the causes of bankruptcy for individuals who have clearly gotten off track.

The registries. Their financial contribution is the most significant, and largely the growth in this area relates not only to new products -- we had a growth of 33 products in this particular year -- but to the growth in Alberta. There's huge growth not only in businesses but in demands from consumers, demands for products, and the great success story is probably not even in the financial area but in the rapid turnaround time for people who are able to access information and gain an ability to do business even more quickly.

We had a gross revenue of \$275 million, actual expenses of the department were \$37 million, 13.4 percent of the gross revenue, and we reduced our full-time equivalent utilization by 65 people. This was achieved predominantly through training of registry agents and our partners in the field especially developed to work with the COR system or the corporate registry. I want to make a statement here, because in the reports that were made in my estimates this year, a consultant's report incorrectly reported that we have in fact a price tag of \$707 on average for the incorporation of businesses for the first time.

In actual fact, checking those numbers, particularly with the look at fees and charges, we found that's \$407, that in fact the consultant had doubled up the \$300 that is actually the charge that comes from registries. I'd like it on the record today that that is very well within the ballpark of what the national average is, but we're still looking

at ways and means of reducing that fee. Of course, a part of that fee relates to putting people on-line and making sure the registration is done properly. But our average annual return fee in Alberta is \$21, and the average national return fee for annual returns subsequent to the incorporation is \$41, so we are considerably less on the annual returns.

Registries serving the registry network have had, I think, huge success going through the privacy audit which we have been pleased to do on the motor vehicles but also in a way which has been nonconfrontational with Albertans and quite successful, I believe, because of the due diligence of the staff in that area. More Albertans were served in '97-98. There were 12.3 million business transactions, an 8.3 percent increase, 2 million vehicles registered, 18,000 marriages, 800,000 land-related transactions, 45,000 new incorporations -- and to date we have 185,000 incorporated businesses -- and motor vehicle transactions increased by 6 percent.

I'm almost through. We have a significant IT cost. Registries spent over \$12 million with new systems, development system applications, and our annual operating cost for the IT has been around \$14 million.

I want to speak a bit about the Auditor General's comments. We're working very hard to comply with our government's perspective and with the Auditor General in government overall and with our department. There are no numbered recommendations for the department, and no response action is needed. In our view, the statements did receive a reservation of opinion which was the result of the ministry following accounting policies set by Treasury. Under the financial statements the Auditor's report on the ministry's consolidated statements reports several exceptions from generally accepted accounting principles. The last paragraph indicates these statements do not present fairly. The main reason for this statement, we believe, is that the Auditor's view is that the exclusion of management body results on a line-by-line basis from these consolidated financial statements was a material misstatement of the financial position of the ministry.

These exceptions are being addressed by the ministry, by our government as a whole, and the process of developing financial statements evolves. The Auditor's report should not take away from the effort that has been expended in achieving this milestone or producing for the first time a set of consolidated financial statements for the ministry. We've really been pleased to work with the Auditor General through all the efforts we've done, particularly on the privacy audit, but we do want, with Treasury and with the Auditor General, to make sure that in future we get an absolutely clean bill of health working with those housing management bodies in the dissemination of dollars. It is certainly our target. I think a positive first step has been taken by the ministry and government as a whole in establishing the framework for fair, consistent, and meaningful financial reporting to all Albertans.

8:52

The housing bodies themselves. We're leading a review now with all the other ministries and eight different ministries relative to what we spend and how we do it. That has been the sum total of the results of all the planning initiatives that were under way in '97-98 as we worked to get a housing symposium together, gather Albertans' views, and now look at what we're doing elsewhere in government. But a good part of the planning and work we're doing today was rooted in the '97-98 year.

So why did my office have an overexpenditure? Mr. Chairman, it relates in large part to a staff addition and also additional travel expenses of about \$19,000. It is something that will not happen again when I'm minister and accountable to the people of Alberta. We have budgeted more realistically, as you'll note, in our three-

year business plan now, accounting for increased activity, and hopefully we'll always be within those guidelines.

I'd like to close with a couple of comments about the registry's privacy review. This review has cost significantly in staff time, but I think it's been worth it. There's been huge learning by our partners, by our staff, and I think the registry, while it's currently exempt from the FOIP regulation, section 4.1(h) -- the ministry supports in principle adopting fair information practices as recommended by the Auditor General and the Privacy Commissioner, and we're working hard on the 16 out of 21 recommendations, with a report almost ready to present to our colleagues on the issues of the balance of the five recommendations.

We're open to answering questions. I must say this year was a year of change, a year of transition, a year of acceleration, and a year of planning.

Thank you.

THE CHAIRMAN: Thank you.

For the first questioning, Ms Blakeman, please.

MS BLAKEMAN: Thank you, Mr. Chairman, and welcome to the minister and her staff, the staff joining us in the gallery, and as well the Auditor General and his staff that are joining us here.

My first question is on the consolidation of the management organizations. I've read through the Auditor General's report and I heard what the minister said, but I'm struck by the number of reasons that are set out by the Auditor General -- sorry; I'll give you a page reference. Pages 180 and 181 in the Auditor General's report. The Auditor General very carefully goes through in this report and says there are reasons for including the management bodies in the ministry's consolidated statements.

The management bodies' budgets are approved by the Minister, and their operations are governed by the Provincial regulations . . . The Minister has the authority to direct the operations of the management bodies, and appoint their board . . . and the management bodies are held accountable by the Minister for [the] delivery

of the programs. Finally,

the Minister is still responsible for the success of the programs.

I'm wondering. The minister said that plans were evolving. I'm wondering specifically what happened in this fiscal year to respond to this recommendation. What specific steps did the ministry take to incorporate the management bodies into the consolidated financial statements?

MS EVANS: I think that because you're talking about it from a technical and financial point of view, I'm going to have our executive director in charge of financial services respond to a good part of your question. But let me just share with you some of the things we're finding. In government, when you reduce to the level we have reduced in the administration of housing, you have to decide where you are best serving Albertans, and a lot of the work we do in operational reviews and the development of lodge standards and the training of administrative officers in lodges has been predominantly our focus. We have advisors that on a three-year cycle visit with and do a thorough scrutiny of all the lodges, but quite frankly the actual specifics of how they're managing to some extent the audit report that is done annually by those lodges, the work that is done where they're accountable not only to the residents and to the community, are things we continue to focus on.

What I have gleaned from my experience here is that a good part of what we're talking about is probably two different sets of criteria for reporting consolidated statements, one that Treasury has provided for the ministries and one that the Auditor General is asking us to aspire to, especially with outside management bodies

and groups. For more on that, would you care to, Keray, please?

By the way, I should serve you all notice. I'm going to let you have the joy of participating more fully today.

MR. HENKE: Well, Madam Minister, I don't think I've got a whole lot to add to that. I think it's important to note that the definition of the government entity is under review between Treasury and staff with the office of the Auditor General and staff in the government departments. We certainly are not opposed to disclosure, and the information relative to the management bodies is disclosed in note 16 to the financial statements. That would be page 17 of the Municipal Affairs annual report. It's not page 17. That's the wrong page number. But it is note 16 to the Alberta Social Housing Corporation statements. It may be page 117. Page 117 of the Municipal Affairs annual report.

MS BLAKEMAN: I appreciate that there is a difference in requirements between what the Treasury Department is asking for and what the Auditor General is asking for, but part of this is about citizens of Alberta being able to see and evaluate what is being done in these areas that are under the control of the government. I appreciate my attention being drawn to page 117, but truly that's not a lot of information for a citizen in Alberta to be going on as far as evaluation and success in performance measurements.

I've heard the minister talk about plans evolving, that they're not adverse to looking at this. Can you give me any understanding of, have you undertaken an assessment of what the impact would be if you included the results of the housing program management bodies under your consolidated financial position?

MS EVANS: Well, certainly significantly additional work, but perhaps to be quite specific about how we review the expenses within those bodies and how we are trying to reconcile the Auditor General's wishes to make sure we're totally fiscally accountable, Rick Beaupre may wish to add a comment or two before we go further.

MR. BEAUPRE: Certainly, Madam Minister. Overall in terms of accountability of management bodies, there are a number of activities undertaken jointly by the management bodies themselves and the department that all add up to what we refer to as an accountability framework. There is, of course, the annual budgeting process which all management bodies go through, which is sort of in sync with the government's process of budgeting and so on, and following that, of course, there's a fair bit of discussion that goes on with those budget reviews between our staff and the management bodies.

In addition, there are things like the minister has mentioned before. In terms of lodges there's the operating standards review, which is a review that determines and assesses the performance of seniors' lodge operations in the province in terms of meeting health and safety requirements and so on of the services they provide. In addition to that, there is a requirement that management bodies do consult with private-sector specialists in terms of building conditions and analysis to ensure that the buildings are maintained in good condition, and that forms part of their budget planning process in terms of supporting the budget requests. Finally, there are of course the annual audits that are completed by management bodies through private audit firms, that are received annually.

9:02

THE CHAIRMAN: Ms Blakeman, your supplemental.

MS BLAKEMAN: I've asked my supplemental.

THE CHAIRMAN: You have.

I guess I should interject here, Madam Minister, that having one question and supplemental that is some nine minutes in response is very, very thorough, we agree, but with the time allotted, we wouldn't get very many questions. So perhaps you could do the best to get your staff to bring it down to something a little less than we have.

MS EVANS: Can I just state, quite frankly, Mr. Chairman, that I don't think there's any good answer to a question like that, when Treasury and the Auditor General haven't quite reconciled. I think we've got to continue to work that through. I'm not dissatisfied with either perspective. I just don't think we have a good answer when we disagree.

THE CHAIRMAN: I understand the debate between the Auditor and Treasury and that you happen to be in between it.

Mr. Lougheed, your question, please, followed by Ms Olsen and Mr. Yankowsky and Dr. Pannu.

MR. LOUGHEED: Thank you. On page 22 there's discussion about the ministry administering some 40,000 housing units, and then the Auditor General talks on page 179 about owning 24,000 housing properties. Can you clarify the difference in those numbers? I'm not sure whether administering and owning is the difference or what's happening there.

MS EVANS: The municipalities, the nonprofits, and the private sector are the difference. We do have, in fact, the ownership of the 24,000. The province owns 24,000, and the remaining units are owned by the others. That accounts for the difference. So although we are integrally involved in the standards and the operations, the actual ownership comes from others, either the communities themselves or other nonprofit organizations. I hope that in the future considerably more private organizations will get involved in the administration of housing. But that is the difference: the actual provincial on the balance sheets. When you hear me reference the about \$1 billion worth of property that we still own, it relates to lands. It relates to lodges and different structures.

MR. LOUGHEED: Thanks. On page 22 there's no reference to housing for the homeless. Is that sort of wrapped into "Other" there, or is it categorized someplace else?

MS EVANS: Well, although in fact the homeless received in this last calendar year about \$1.28 million, it's through a variety of programs. Through the rent supplement program there are 77 units. In the private, nonprofit program there are at least 97 units. In the nonprofit special-needs program there are 254 units. The nonprofit special-needs program that is public has 55 units. This is for a total of 483 units through this group. These units are included in the special needs rather than the other.

I want to just comment to you on the manner in which we have done things and worked with, for example, the greater Edmonton Joint Planning Committee on Housing to improve the McCauley lodge and other things. We have worked where we can with grants to provide assistance for upgrading of existing facilities that are not always owned by our government but owned by the communities and that are addressing needs that are being managed predominantly by nonprofit, religious, and charitable organizations.

So it's a partnership that is evolving, and it's a partnership that's closely and integrally involved with Family and Social Services. The recent advent of Gene Zwozdesky on the committee with Jim Taylor is an outgrowth of some of the things we've been doing here,

because there is a recognition of the need to do more.

MR. LOUGHEED: Thanks.

THE CHAIRMAN: Thank you.

Ms Olsen, followed by Mr. Yankowsky and Dr. Pannu.

MS OLSEN: Thank you. I'd like to turn the minister's attention to the joint audit of Alberta registries. I'll be referring to pages 229 to 241 during my questions. On May 6, 1997, the Deputy Minister of Alberta Municipal Affairs wrote to the Privacy Commissioner and requested a privacy compliance audit be conducted for the registries division. A final report on this audit was presented to the Minister of Municipal Affairs on April 15, 1998. PricewaterhouseCoopers was contacted to do a consultation with stakeholders on five of the 21 recommendations from the privacy audit.

The results of this process were presented in a report on December 31, '98. Most of the Privacy Commissioner's concerns focused on the security of and access to Albertans' personal information. Five were singled out for stakeholder consultation and required more extensive changes than the other 16. My questions are in relation to the privacy information. I'd like to know what steps the minister has taken to ensure that the personal information of Albertans which is held by the Alberta registries is only being disclosed for uses which are consistent with the original purpose of the collection of that information.

MS EVANS: Well, clearly the training of staff of registry agencies in this period that has been a result of the audit has probably been one of the biggest ways we have alerted people to the fact that there is a strong need to protect the privacy of individuals' information. There have been extensive consultations where the department has invited in groups. Every single, solitary group that has had any business or any agreement with the registries has been invited in for consultation and for a very serious look at all the standards, including the insurance industry, private investigators.

Our focus initially was on those people that were accessing information themselves. I think we have been doing a lot of due diligence on the actual existing standards and making sure people comply with standards. When the Auditor General and the Privacy Commissioner visited some of the registry agents and asked about security, some of those things were managed, I think, in a very immediate fashion, but some things still have yet to be managed. That's a good part of what the last remaining five deal with. Sometimes it's something that sounds as simple as the passwords, so that if you're working with somebody, there's an integrity of your password. I think predominately the work has been done to do due diligence with every single, solitary partner, every single person that needs training, and to work that through.

Through the process, I should add, we have had the benefit of working with the Auditor General and the Privacy Commissioner to make sure we are on track with those situations. We've gone to the all-party committee on freedom of information and privacy protection, that was reviewing what we were doing and where registries fit within the framework of that piece of legislation. So it's been a continual work in progress, and it continues.

MS OLSEN: Okay. Just a point to the minister. As police officers, often many of us wouldn't use our home addresses for fear and lack of trust in the system with registries. We would use the Police Association address, given that there was some concern that information would be released. So to follow up on that, can you tell me, then, about the training that has been provided? How has the quality and benefit of this training been evaluated? How do we

know it's working?

MS EVANS: Well, one of the ways I could share with you that it's working is that forensic auditors and private investigators have completely reorganized their own organization, forming through Justice a committee that ambitiously looked at all the criteria for making sure that the only people that could be validated were credible people that should be authorized to have information through the RCMP, through the police services. Those folks worked very hard to put in a new framework, which they have been providing for us in consultation with the other partners in government to try and assure that in future there is nothing that is mismanaged.

We have also looked at some of the ways that even the federal government manages things; for example, in an abusive relationship, where the returning officer is the only one that has access to the address of an individual for the purpose of validation. So there are a number of these things that have been reviewed. I think quite predominately a good part of it has related to some of those kinds of initiatives.

We've also reorganized the department itself to focus on the internal audit resources. We do not have internal audit as an overall department kind of management structure but focus quite specifically on registries, not only on the management of dollars but the management of information to make sure we're in compliance in the audit area of the registry network. I think that has been a good check and balance that's happened within the department itself.

9:12

THE CHAIRMAN: Mr. Yankowsky, followed by Dr. Pannu and Mr. Melchin.

MR. YANKOWSKY: Thank you, Mr. Chairman, and good morning, everyone. If I'm reading the Auditor General's report correctly, beginning on page 179, he talks about subsidized housing that your department makes available to Albertans in need. Now, I understand that the department's inventory contained or still contains some so-called expensive units. Can the minister please explain what comprises an expensive unit, and what is your department doing to control the cost of private-sector housing units?

MS EVANS: You know, that's an excellent question. In Calgary, as you know, Calhome Properties manages the portfolio of the rent supplement program. When a landlord gets a little bit greedy or feels for whatever reason that they are not able to provide housing to people who need subsidies, they often disavow their agreements with us, even on short notice. Then there's a very ambitious undertaking by the staff -- we have two anchor staff in Calgary as well as the department officials supported from Edmonton -- to review the existing agreements, to review what's available in vacancies. Sometimes for a longer period than we would enjoy, we have maintained for the individual the privilege of living in a slightly more expensive unit, but then we have tried always to find new agreements. Last year at this time we were looking for about 150 new placements for individuals where the rents had accelerated too far.

I think one could say that while the program has many strengths in providing shelter for those that need it through public-sector opportunities, one of the weaknesses is that you can be very vulnerable to landlords. So I think a great part of the work we have to do is build on the partnerships with the nonprofit, with the private, and with the communities so that we have more places so that we don't get jerked around by people who want to accelerate rents well beyond what they should be.

MR. YANKOWSKY: I have another question. I refer you to page 180 of the Auditor General's report. Here the Auditor's report contains a reservation of opinion saying that the ministry's financial statements are incomplete so long as the assets, liabilities, revenues, and expenses of the management bodies remain unconsolidated. What are you doing about correcting this?

MS EVANS: Well, of course, ministers must follow consolidation guidelines as set out in note 3(b) of the financial statements. The current policy is not to include them in the consolidated statements. The corporation, the Alberta Social Housing Corporation, does reflect, however, the financial assistance we provide to management bodies in the recovery of surpluses generated by management bodies as per the Housing Act. You know that with those, they retain half their effectiveness in managing, and the other portion of the money is returned, which enables us to add still further opportunities for people who don't have them.

The management bodies have provided consolidated financial statements to the department. I think you should make that very clear. That is something they are compelled to do, and they are reviewed with them. Note 16 of the Alberta Social Housing Corporation statements on page 117 in the annual report discloses the consolidated revenues and expenditures of the management bodies.

MR. YANKOWSKY: Thank you.

THE CHAIRMAN: Dr. Pannu, followed by Mr. Melchin.

DR. PANNU: Thank you, Mr. Chairman. Good morning, Mr. Minister and everyone else in the House. Mr. Minister, on page 28 of the department's annual report, '97 -- '98, there's due mention made of future challenges. I note the bulleted statements there. There's a reference to the homelessness problem in Calgary. Since this statement was made, it's been recognized more widely that the problem is limited to not only Calgary but other places too.

Page 182 of the Auditor General's report notes -- it's the third paragraph from the top -- that "the Ministry has two goals for its housing operations: to reduce costs; and to ensure that Albertans in need are housed." Then the next statement says, "There are no measures established for the second goal concerning the provision of social housing to Albertans in need." Do you agree with this statement, and what steps have been taken in response to this observation?

MS EVANS: Clearly we're working on those goals. You know, this issue of homelessness has I won't say caught Canadians unaware, but I think we thought we were immune. We have been doing everything from having staff out with Family and Social Services in the city of Edmonton to actually counting the number of homeless people to determine how effectively we are managing that particular phenomena. One of the things we have done since this report was complete was to provide \$50,000 to Calgary, \$50,000 to Edmonton to work, as I've told you, on the trust fund and other things with Calgary. Those performance measures are being involved in Edmonton with a working committee that will be established with a co-ordinator. In Calgary I think those performance measures have to be for government, at least, somewhat broader.

You know that \$2 million went from the lottery fund to help kick start Art Smith's private foundation to care for the homeless. We also have many private contributors there. I attended that foundation meeting and discovered that they were looking at those kinds of things that would enable them to put a framework in for showing the reduction in the number of homeless and to make sure we were

fitting the targets.

Mr. Chairman, my view is that the biggest challenge is going to be able to holistically look after the individual, because homeless to me and our department is symbolic of things that are beyond the forces of the resources in housing per se and really look at community resources, Family and Social Services resources, and we have to find an integrated plan so that the people won't be homeless anymore or the absolutely destitute will have temporary assistance at a point and then perhaps more permanent assistance as we determine they are not able to go elsewhere. So I would say that is still a work in progress, looking carefully at whether we're able to reduce the numbers.

In closing, I'd like to say on this that I attended very recently a conference where they were pointing out that Victoria in fact has the biggest percentage of people homeless, bigger even than Toronto's, by virtue of the number of people that gather at certain times of the year. So we have to be very careful to make sure that we put in society all those things that will be performance measures extending beyond housing to other areas so that these people don't fall between the cracks. I don't think we've got all that we need here, but presently the dollars we're putting out and the counts we're trying to maintain will help in some measure.

Also, finally with this new federal minister I hope we can gain something. Mr. Chairman, it's been very hard for us to evolve with some of the new programs the federal government has had while we're working through the social union. So I would say that will still be a framework that will help us in the future to develop better criteria and performance measures so we know we're doing it better.

DR. PANNU: Perhaps the Auditor General can comment on the kinds of performance measures that you have just indicated are being developed, whether or not those are the kinds that will be good enough for securing the level of accountability that the department . . .

MS EVANS: I'm saying is shared.

DR. PANNU: But my supplementary has to do with the second part of your comments where you talk about the need to have a more holistic approach to it. In that regard, I wonder if the department has any inventory, any information on the types of people who are homeless. Is it people who are mentally ill, who are sick, who are unemployed?

In Calgary I know that the media last year were telling us that many of the unemployed were working poor who had moved into Calgary in search of jobs. Although they were working, they couldn't afford or find available accommodation. But I don't think that encompasses all the types of homelessness or the people who are homeless. Have you got any information on that?

9:22

MS EVANS: Well, of course, one of the reasons our department undertook the initiative to refinance the subsidy agreements for 44 municipalities was to free up in Calgary \$965,000 to enable them to provide more assistance for initiatives to address the working poor. Our staff toured Bridgeland in Calgary and noted that many of the moms with tots that were not able to sustain themselves needed assistance that could be, for all intents and purposes, perhaps temporary as they were able to get further along the path.

But, Mr. Chairman, I think the best answer will lie in what we're doing right now with all the eight ministries that have come together to say: how do we build things to look after students, look after convicts coming out of jail, and look after the working poor? In Calgary right now the bigger problem by far is the working poor, because in fact there are more seniors' accommodations being built

by the private sector.

I see it as being something that we will hopefully do better with, but the dollars we've freed up this year in that \$965,000 did a lot to improve the plight for people subsequent to the writing of this report in the city of Calgary and were well received. I think what we're doing is providing the funding and then monitoring not only through Calhome and the Calgary Housing Authority, that has direct responsibility for the working poor -- we have been monitoring the effectiveness, and largely they feel satisfied that they're achieving some of their targets in looking after the working poor.

THE CHAIRMAN: Mr. Melchin, followed by Ms Blakeman.

Oh, I'm sorry. Mr. Melchin, if you wouldn't mind.

MR. VALENTINE: A member asked for some response from my office. Firstly, I think everybody is aware that we perform certain specified auditing procedures with respect to the performance measures that are included in the annual report of all the ministries. That's not an audit. There are a number of initiatives ongoing in my office to bring us to the point where we can render what might be called a more normal opinion on the measures that are used by the government both across the full spectrum and within each ministry. The most difficult hurdle to be achieved is to deal with the issue of whether or not a measure is relevant. The relevancy issue is the most difficult one to deal with, although some progress is being made. We have a goal that we will comment on the relevancy of measures by the year 2001, and that's an aggressive goal.

We will, however, be looking at the work the department and the ministry is able to achieve over the course of the current year just ended as we conduct our regular financial audit and go on to do some systems work, and that kind of information and comment would appear in our annual report issued in September coming.

THE CHAIRMAN: Now Mr. Melchin, followed by Ms Blakeman, please.

MR. MELCHIN: Thank you. I'd like to refer first to your annual report, page 53, where you've got your consolidated statement of revenue and expenses. For one of the line items, administration of housing programs and consumer services, the actual is \$83 million for the current year. What I'd like to explore a little bit are the housing obligations of the provincial government, what those total obligations might mean. The consolidated shows \$83 million. Then I'd like to correlate that a little bit, going to page 102, to the Alberta Social Housing Corporation statement of revenues and expenses. Under the Alberta Social Housing Corporation, near the bottom, funding required from -- it's one of the last lines near the bottom -- the Department of Municipal Affairs (note 10), \$92 million.

We've got a description of a requirement from the department of \$92 million. In our consolidated we show \$83 million, and I'm not certain. Does that just relate to the 24,000 housing units and then we've got the ones that we support? There are certainly going to be rental supplement payments made to those in addition to this \$92 million. I would have thought there's a \$92 million obligation plus rental subsidy requirements each year, yet in the consolidated we only show \$83 million. So tell me a little bit about the scope of the obligation both for owned and for subsidized rental.

MS EVANS: Mr. Chairman, I just can't resist saying how sharp the member is. I looked through our statements and asked for a complete explanation of that myself. I believe that the losses there are really attributable to the losses on the book value of the property when sold that have to be recorded in this particular financial year. Is that correct? Could I have a comment please, Perry?

MR. TWAITTS: Yeah. The consolidation numbers of the ministry are basically -- there are some elimination entries made between the corporation and the ministry when you do the consolidation, which does account for, obviously, some variances, and you're not going to see exact numbers that would appear on a corporation statement and that from housing of the ministry. Plus the department exercises housing programs in addition to the corporation, so again that would account for some variances between the corporation and what the ministry would report in total expenditures.

MS EVANS: You know, in actual fact within our department budget there are housing programs picked up that are separate from the Alberta Social Housing Corporation, but within the corporation itself when there are sales of properties -- and in this particular year there was \$5 million worth of sales, but that wouldn't necessarily reflect the same way in terms of the overall losses dependent upon what Treasury had accounted for in terms of the amount of dollars that originally were paid for that property. So that's a good part of where I believe the variance actually occurs.

Because of my raising the flag on this one, the deputy minister is looking at new ways to be able to illustrate in subsequent years the very point you're asking so that it's quite clear. Mr. Chairman, one of the things I think it will assist is future ministries, because when you go to market lands, such as the Timberlea lands that we've been working aggressively towards or other lands, to actually determine what you have at the end of the day should be a very crystal clear situation of accounting both for the financial accruals on the expenditure side and then whether or not you can make up for it in the revenues you glean from the sale of the properties.

I contend there would be a point where properties would not be fair to sell if you were going to lose too much money, but sometimes you do have to cut your losses and run, especially where communities have asked us to declare a unit surplus because they are no longer suitable to their needs and they can convert those units, for example here in Edmonton, condominiumize them, sell them to the residents and make better use of them. But you've highlighted and profiled for me, again, something that when I went through these statements one more time, I observed myself, and it's not easy to explain.

THE CHAIRMAN: You sure lost me.

MR. MELCHIN: I wouldn't mind, then, some reconciliation of when you talk about the elimination entries. Alberta Housing is only dealing with the 24,000 units, and if we've got a description of a \$92 million obligation from the Department of Municipal Affairs, then I would be interested to see -- well, if that's the 24,000, what's the obligation for the other 16,000 for the rental supplement, and how is it in aggregate that we only come back to \$82 million on consolidation? I would have thought that would have been a forever increasing number. You would have had to have some severe offsets from other governments, but I don't see that. In here Canada Mortgage and Housing has already offset by \$65 million, so I'm not certain where the offsets would become gains on the sale of assets like you were talking about potentially. But how does that number get a lot lower than what is our rental obligation? Some reconciliation of that I wouldn't mind receiving at some stage.

9:32

MS EVANS: Could I ask if somebody is prepared to give more illumination on that now? Keray.

MR. HENKE: We'll provide that reconciliation to you through the channels.

THE CHAIRMAN: Through the secretary so it goes to all members. Then hopefully we'll be able to understand this a little better, because this member is certainly lost in the explanation.

Ms Blakeman, please.

MS BLAKEMAN: Thank you, Mr. Chairman. I'm returning to the joint audit of Alberta Registries. There were a few questions that follow from questions my colleagues have asked earlier. Let me start here. You're looking for a reference. Page 181 is where it's mentioned in text in the Auditor General's Report, and also pages 229 to 241. The question is: what steps has the ministry taken in this fiscal year toward having complete knowledge of all the disclosures that were made by motor vehicle registries?

MS EVANS: In the fiscal year of '97-98, concluding last year, I believe a good part of that was a part of the review that was done by the Privacy Commissioner and the Auditor General in consultation and co-operation with our department itself. In managing and conducting the audit, I can't tell you -- perhaps the Auditor General would like to comment about some of the scrutiny. But for what actual individual steps I'm going to refer to you, Joe, if you could provide some very specific details. I think that's what you're looking for.

MR. WONG: One of the areas we looked at was to look at all the current individual departments who use and have access to our databases. We basically reviewed all the inventories, all the access agreements at that time. It includes also inventorying all user IDs who have access, who have ability to conduct queries to our databases.

MS BLAKEMAN: Okay. If there's anything further on that, perhaps we could get it in writing if that's possible.

My supplementary question then. People are beginning to be very nervous about disclosure of information and the amount of information that's out there in the world on databases. Although Canada is not as litigious a nation as the United States, I think that day is coming closer, especially when people feel that the government didn't take all possible steps to protect them, the citizens, because government of course is the only one that is in a position to do that. So my question is around what the ministry has done to reduce the liability to taxpayers in Alberta that they would face if a misuse of information provided by Alberta Registries or a private agent led to a suit from an external user.

MS EVANS: I think I can make it implicitly clear that our government for at least 16 years has been in the business of selling information, prior to the private registries coming on board, as both Crown responsible as well as privately responsible. Of the 21 recommendations, the tightening up that has already occurred should probably make us much less liable today than we were, say, three years ago because there's been significant work done there. I think a lot of things have changed, and Joe spoke about the user IDs. That's if we were all a member of one group here in one office, and we had to make sure that our user ID was only used for gaining information as required for a specific purpose. That has been a huge procedural change on the front lines. Also, within the department ensuring that the people they're dealing with as customer representatives within the registries themselves have got an integrity of information.

The system changes. With technology the way it is now, you can actually track when people are accessing information and check both for time and for when they are actually doing it to see if it is valid for them to be accessing that information for that specific purpose.

So there's been much more of that and much more control on all the disclosures.

In terms of any liability assurance, there is an assurance fund that covers any indiscretion, shall we say, or errors -- very few errors, but some -- in the land titles section. But I'd ask if there's any other assurance fund that would protect the people of Alberta should there be a disclosure of any nature that has been referenced by the hon. member.

MR. HENKE: I don't think we've had it tested legally in the courts in terms of reimbursing anyone for a proven loss, but we do have assurance funds that protect the registrars for our registries.

MR. KLAPSTEIN: On page 97 of the report under support for municipal programs I note that assessment standards and equalization, Municipal Government Board, and financial support to local authorities are all overexpended. I'd like to know if the minister can give us some explanation for that, particularly financial support to local authorities, which is substantially so.

MS EVANS: Clearly the \$5 million conditional grant to municipalities was the overextension. We went, prior to the conclusion of the fiscal year, to Treasury and indicated that incentives to assist local governments to make sure their market value systems were on track created interest, and there were dollars available for it and it was part of our overall plan to improve assessment standards at the local level.

I should comment that people who did not comply with the assessment standards or who were discovered later to have been in noncompliance were clearly not eligible for those dollars. So it was a function of adding dollars to give assessment standards based on a per lot or per parcel basis in dollars in the \$5 million conditional grant.

MR. KLAPSTEIN: And the others? The Municipal Government Board for example.

MS EVANS: The Municipal Government Board was surely a function of a number of additional challenges, if you will, that came forward to the board in that year. While we have noted a sharp decline in the interest of people to appeal in the city of Edmonton, there was an anticipation of more. In fact, the improvement in standards I believe has netted fewer, but we did have a rash of backlog to catch up on in the '97-98 year. I mean, when you're talking 16,000 people who have petitioned to the Municipal Government Board to appeal their assessments, we had to add a staff member that was not budgeted for, and there were significant dollars in resources.

The other thing we've done to tighten that up, if I may, is that there were often assessors and individuals that would appeal, we'd have a board sit, and then they wouldn't show. We had almost 50 percent of those happening in some urban areas, which were very expensive. We've tightened that up, Mr. Chairman.

THE CHAIRMAN: Thank you, Mr. Klapstein.

Ms Olsen, followed by Mr. Melchin and Dr. Pannu.

MS OLSEN: Thank you. I'm still with the joint audit of Alberta Registries. I'm just wondering: given that information has been available from this government to be sold in the year of '97-98, what information was in fact sold during that year, for what reason, and to whom did you sell that information?

MS EVANS: I think the one that attracts the most attention is the

information that for years has been sold to the parking companies, and it has been done with alerts to more controls available. There were agreements that have existed for a period of time with those individuals and companies, so we had some particular difficulty in just extricating ourselves from those agreements immediately. But we certainly made sure that the controls were tighter, that they were advised that they were very culpable if the information was not used for the purpose it was intended.

Mr. Chairman, one of the things that surprised me in the most recent round of our Angus Reid survey of 800 and the focus testing is that people believe that if someone is breaking the law by parking their car and not paying for it -- in fact the majority of the respondents indicated that they really believe that under those circumstances something has to be done being preferable to having their vehicle towed away.

So that was the great bulk of our sales. For any additional sales, just a comment from Joe, please.

9:42

MR. WONG: The bulk of the sales would be abstracts sold to insurance companies. They do, I guess, an audit when you apply for insurance. They check your background and history.

MS OLSEN: A follow-up question then. I'm going to come back to the training aspect. What the minister said was that the standards have been set, that you've worked through Justice for those people who receive information. But I still am not clear on what the checks and balances are. How do you know that citizen A, who's a private detective in C corporation, is getting only the information he's entitled to from agency D or that agency D is not giving more information than they're entitled to give out?

MS EVANS: The hon. member has highlighted, Mr. Chairman, one of the great difficulties in actually refining and doing the standards. That work isn't complete, but we are really exploring and considering having those people directly accountable to the registrar themselves and not through any private agent. So there are a number of different ways that we can effect a standard where there is a question about the management of that information, about how we do that. Again, through the '97-98 fiscal year that was only in the very preliminary stages. That is still a very important work in progress, and I expect that through the next couple of months we may have more available to share. It's been a very rigorous undertaking to work on that.

Mr. Chairman, if I may, just changing one word or one line on a form has huge implications. So what I'm talking about, while it doesn't seem like we're working very fast, has required a lot of very intensive work by the staff. I would say that with the standards we're still in a state of incompleteness. Is that fair to say?

MR. WONG: Some.

MS EVANS: And I think the deputy is quite properly pointing out that the contractual relationship is changing with these groups and individuals as well. As they become due, that is being tightened up.

I have taken a position, Mr. Chairman, that the registrar has a responsibility to accept as their mantle, really, the position of protecting Albertans and the privacy of their information. We've been very much in sync with the Auditor and the commissioner on that point. We've been working to make sure that we're fulfilling that due diligence, even when at times the people of Alberta have not displayed as much intense focus there.

I should also indicate to you that we have been doing some work with not only the Law Society but the authorities, the RCMP and the police, very much in the development of these standards.

THE CHAIRMAN: Mr. Melchin, followed by Dr. Pannu.

MR. MELCHIN: If I may, I wouldn't mind deferring. My colleague from St. Albert has not had an opportunity to have a question. I'll defer to her first.

THE CHAIRMAN: That would be kind of you. The chair, I gather, erred in not getting her on the list, so that would be kind of you.

MRS. O'NEILL: Thank you, Mr. Chairman. Good morning, Madam Minister and staff, and Mr. Auditor General and staff. My question is with respect to some reporting on page 31 of your annual report on the consumer affairs goal 3, which was "to ensure the provision of improved and more accessible consumer debt repayment services to Albertans." This service, as I understand, was outsourced to Credit Counseling Services of Alberta, with operating funds provided for the first five years. My question to you, Madam Minister is: do you have a breakdown of the operating funds that were provided?

MS EVANS: Yes, if I may. We've provided the following funds: as startup, \$795,000; from January to December of 1997, \$1,061,500; for January to December of '98, \$796,125. The anticipated funding pursuant to the contract in the '99-2000 year, for example, is \$583,000 approximately and for the subsequent years, as I said, declining 20 percent per year: \$371,000, \$159,000, and finally zero.

The CCSA is expected to be self-supporting, and I think the contracts by the members that are in support of this have proven to be so successful because, as I indicated earlier, the \$4.9 million that would just never have come back to those creditors has continued to motivate banking institutions and other people to be part of this because they are themselves gaining the retribution. It is successful, more successful than when government tried to help people with their credit counseling problems, and I must say the whole initiative grew from consumer staff themselves that went out and parented this organization.

Thank you.

THE CHAIRMAN: Dr. Pannu, followed by Mr. Melchin.

DR. PANNU: Madam Minister, I want to take you to page 95 of the annual report of the department, the schedule of salaries and benefits. I noticed there are two columns there. There is a salary column and then the benefits and allowances column. I'm interested in finding out what portion of the benefits column goes toward achievement awards to different levels of staff in the department. It's difficult to disaggregate from this column. I can't really figure out what's part of the regular benefits and what part constitutes the achievement award or special honorarium or one-time payment, lump-sum payment, indicated I guess in note 4. I'm just curious who gets the benefit distributed in sort of fair proportion across the staff.

Just to draw your attention to the anomalies that I note and anomaly differences. For assistant deputy minister and registrar, Alberta Registries, the benefits column constitutes about 45 percent of the salaries, which is \$31 million versus \$72 million. Go down to other managers and the benefits column comes to about 22 percent of the salaries. Go down to other salaried staff -- I suppose this is the non-managerial staff -- and the proportion comes down to 19 percent. But since the column includes both benefits and allowances, it's difficult to figure out, you know, who's getting what and why.

MS EVANS: Clearly, and it is a good question. Of course, you

know at the management level often the benefits are a different percentage than they are for support staff, so I'd make that comment right off the top. I'd also like to indicate that in that particular year, '97-98, for a good part of the year the person in the position of assistant deputy minister in charge of Registries was in an acting position, and the position was only confirmed later in the year. The position itself was held by Ms Laurie Beveridge. She was acting in the capacity, and I don't know if that had some final difference in the reconciliation.

I want to make one comment before Keray Henke gets into a more detailed explanation. In the dissemination of achievement bonuses in our department, I don't think there is any more democratic way than was done there. They did their very best to make sure the maximum number of people benefited, that all the managers benefited from the dissemination of achievement bonuses, and there was no consolidation of dollars for the people, say, at the top. I think that brought huge goodwill and improved the morale of our department considerably from where it had been previously.

On those specifics and the difference in percentages between the various staffing groups, Keray?

MR. HENKE: Well, just a comment. As the minister noted earlier, there has been a significant change in the management ranks in Municipal Affairs. On the two items that you referred to, if you go to note (10) on the next page of the annual report, there were vacation payouts to people who were retiring from those positions. In the case of the assistant deputy minister of housing and consumer affairs, it was \$8,398, and in the case of the assistant deputy minister of Registries, it was \$19,000. Those were accumulated vacation payouts paid on termination, and they were included in those benefit amounts, which would make those benefit amounts not comparable to benefit amounts presented in other areas.

9:52

THE CHAIRMAN: The Auditor General has a comment on this.

MR. VALENTINE: Mr. Chairman, I draw the member's attention to note (4), which tells you that the achievement awards are included in the salary column.

DR. PANNU: Thank you, Auditor General.

MS EVANS: Thank you very much.

MR. VALENTINE: The achievement award is a form of salary; it's not a form of benefits.

DR. PANNU: Okay. So the second part of the statement there relates to "salary includes." It's in the salary part.

MR. VALENTINE: Achievement awards are included in the column that sums to \$28,347,952. It's salary.

DR. PANNU: Great. Thank you.

Mr. Chairman, my supplementary?

THE CHAIRMAN: Yes, sir.

DR. PANNU: Madam Minister, thank you to you and your staff for giving some information on the question.

You mentioned that every one of the managers got rewarded. How about the nonmanagerial staff?

MS EVANS: Everybody did, but of the amount that was available for management under the policy of government, the sharing was

with the maximum number. So no management got any significant amount over. Keray?

MR. HENKE: I was just pointing out that everyone, as the minister said, got an award. The achievement awards given to union members was a subject of negotiation between the Alberta Union of Provincial Employees and the government. So that was not subject to any discretionary decision-making within the department; that was a negotiated settlement.

MS EVANS: And some, as you know, had to wait.

THE CHAIRMAN: Mr. Melchin, followed by Ms Blakeman, please.

MR. MELCHIN: Thank you. I'd like to reference my question to page 63 of your annual report, note 10, guarantees and indemnities. I wouldn't mind just a little background understanding of where these guarantees and indemnities arose. Today we have approximately 24,000 units that we own. I suspect or I'm just guessing: did we sell in the past quite a few units and are still guaranteeing the mortgages on those units that we've sold? What is the background? Are we also issuing new guarantees each year, or is this just going to continue to be reduced throughout the subsequent years through 2022 until they're eventually eliminated?

MS EVANS: There are no new guarantees. They're included, and we feel the existing provision is sufficient. The guarantees provide for deficiencies that result between the loan to value amounts, and the decline in the number of mortgages under guaranteed plus the improved market conditions reduce the exposure and the risk relative to these guarantees. The Auditor General has scrutinized this particular provision very closely and has reviewed and concurs with the statements and provisions we've made.

Mr. Chairman, again, when I reference the number of properties as well as the fact that we used to be in the lending business, that we used to be in the mortgage business, what we have here still are some of the hangovers of it. There's no other way to state it. Some of the residuals is, I guess, your accounting term for that. But we can certainly provide any additional specific information if there's something we're missing here.

MR. MELCHIN: Is this guarantees on units other than our 24,000 units on other properties we've sold?

MS EVANS: Oh, yes. It would be on other than ours, would it not?

MR. BEAUPRE: Yes, these guarantees are related to older programs that were intended for different purposes like mortgage lending programs and so on as long ago as 20 years. As the minister has already indicated, there are clearly no new commitments in this area. It's a matter of working through the time periods that were set at the time these deals were made, and at the end of 2022 we'll be out of this business.

MS EVANS: May I just say that one of our great periods of reluctance to get more involved with the federal government is that they throw up a flag, and in the past CHIP and Map and all these programs that were very enticing for governments and local communities to get involved with often had a hidden liability. One of the great hidden liabilities that's coming to roost today is in trying to negotiate a new social housing agreement with the federal government. We're trying to extricate ourselves from some of these agreements, while they're trying to dump their liabilities on us. So it does pose a different problem in how we maintain our cost-shared

portfolio till the end of time. But it's those old programs that were enticements, and there are more anachronisms in that bank than you want to even know about.

MR. MELCHIN: Are these the same units that we're using for rental supplement programs, or are they different units altogether?

MS EVANS: They may have been in some circumstances. We have one, I believe in Wetaskiwin, that is currently something we're trying to reconcile, where there was a rent supplement program that was in support of it. It was through the CHIP program. You know, we are still trying to clear that up. I believe that's one of the nightmares in the backrooms while we're trying to work on it. I shouldn't say that, but that's exactly what it is. It is a nightmare because you're trying to clear up a 20-year-old problem. If I may, the biggest problem with cost-shared things with the federal government is that they have not always acknowledged where they've transferred the paper and had different funders available to get involved with the programs.

THE CHAIRMAN: Thank you, Mr. Melchin.

Ms Blakeman, with one minute left, I imagine you want to forgo your question. Or do you want to . . .

MS BLAKEMAN: Is it possible for me to just put my questions on the record and get a written response from the minister?

THE CHAIRMAN: It depends on the minister.

MS BLAKEMAN: Would that be all right?

MS EVANS: Sure. I have no difficulty with that.

MS BLAKEMAN: Thank you. I hope I'm not duplicating the question, but I don't think I am. This is around the private ownership and the subsidy programs for affordable housing. In Edmonton-Centre, with all those apartment buildings, you can understand that that's a point of great interest for me. One of the things I noticed happening in this fiscal year we're looking at was that as the demand for the rental market increased, a number of private owners that had subsidy agreements either backed out of them or did not renew them, and we had a drop in the number of affordable and/or subsidized units that are available. What piqued my interest was the minister saying earlier that 500 new units were made available during this year, yet my experience was losing affordable housing units. I'm wondering what was the net. Did we have a gain or a loss in availability of subsidized, affordable units?

MS EVANS: We'll give a complete breakdown on that.

THE CHAIRMAN: Terrific. Thank you.

MR. BEAUPRE: It was a net gain, with a great deal of difficulty because of the supply.

MS BLAKEMAN: Okay. My supplementary was: what was done in this fiscal year to ensure that the stock of housing kept to previous levels? I'll just leave you with those, and you can get back to me.

Thank you very much for your indulgence.

THE CHAIRMAN: Madam Minister and your staff, thank you very much for your indulgence in the questions.

Committee members, next week on April 28 we have the Hon. Pat Nelson, Minister of Economic Development.

Might we have a motion for adjournment?

MS OLSEN: I move.

THE CHAIRMAN: So moved. Is it agreed? Carried. Thank you kindly. We stand adjourned.

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

