

Title: Wednesday, November 26, 2003 Public Accounts Committee

Date: 03/11/26

[Mr. MacDonald in the chair]

The Chair: Good morning, everyone. I would like to call this meeting of the Standing Committee on Public Accounts to order, please.

There was an agenda circulated. Any questions concerning the agenda, and if not, may I have approval?

Mr. Cenaiko: So moved.

The Chair: Okay. Thank you.

Also, approval of the minutes of the November 19 meeting.

Mr. Ouellette: I will.

The Chair: Okay. Thank you, Mr. Ouellette.

This morning we are pleased to be joined by the hon. Mr. Clint Dunford, Minister of Human Resources and Employment, and also by the Auditor General, Mr. Fred Dunn, and his staff. Good morning.

First off, perhaps we'll start with the traditional round of introductions, and maybe we could start with Ms Blakeman.

[The following members introduced themselves: Ms Blakeman, Mr. Cenaiko, Ms DeLong, Mrs. Jablonski, Mr. Lukaszuk, Mr. MacDonald, Mr. Marz, Mr. Ouellette, and Dr. Taft]

Mrs. Dacyshyn: Corinne Dacyshyn, committee clerk.

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

Ms Howe: Shirley Howe, Public Service Commissioner.

Mr. Asbell: Mark Asbell, Labour Relations Board.

Mr. Pheasey: George Pheasey, appeals commissioner for Alberta workers' compensation.

Mr. Dunford: Clint Dunford, Lethbridge-West. We're into introductions, so, Alex, do you want to go ahead?

[The following staff of Human Resources and Employment introduced themselves: Mr. Campbell and Mr. Stewart]

The Chair: Thank you. Now, it's been traditional to have a few opening comments from the minister in regard to the annual report for 2002-2003 and, as well, if the Auditor General has any comments before we proceed with questions from the members. Mr. Dunford.

Mr. Dunford: Well, thank you very much, Mr. Chair. I have to indicate to the committee that I'm scheduled for Treasury Board at 9:45, so I will have to leave at that time if we're not completed, but we are looking at historical evidence here, so I trust that either Alex or Duncan or any of the other members of the staff that are here would be able to answer any questions. However, by notifying you in advance, then if you have tough questions for the minister, you might want to get them on early.

First, we'll discuss the Human Resources and Employment aspect

of our ministry. The department set goals that provide a framework for programs and services that support our three core businesses: people investments, providing the foundations for people in need; skills investments, helping people to be their best at learning and work; and workplace investments, supporting workplaces to make Alberta prosperous.

In 2002-03 we spent 2 percent more than our \$1 billion budget target. We received an additional \$25.8 million to help an additional 5,200 students take skills development training programs, and we invested an additional \$783,000 in our workplace investments division, largely due to the launch and promotion of the WorkSafe Alberta initiative. The supports for independence caseloads were higher than expected due to several economic and environmental factors, including the high cost of utilities last winter, unemployment in certain areas of the province, and Alberta's population growth.

I'm pleased to report that the department achieved or exceeded targets for all but one of its key performance measures. I'd like to walk you through the six goals and outline how we accomplished what we set out to do.

Goal 1 is to ensure that "low-income Albertans have opportunities to improve their financial situation and attachment to the workforce." In 2002-03 Alberta Human Resources and Employment spent \$745 million helping low-income Albertans meet their needs through the province's income support programs: the AISH program, assured income for the severely handicapped; SFI, supports for independence; and widows' pension. We help those who need it most, and we continue to work towards giving people a hand-up rather than a handout by helping those who can work find jobs.

Based on the recommendations of the MLA Committee to Review Low-income Programs in '02-03, the department laid the foundation for the future of our supports for low-income Albertans. The new Income and Employment Supports Act will integrate income and employment training programs, increase accountability for training service providers, and help people on income support move into the workplace. The new program, scheduled to come into effect January '04, will eventually replace three income support programs: the SFI, the widows' pension, and the skills development program living allowances.

We extended the Alberta health benefit to all parents leaving supports for independence for work, eliminating a potential barrier to employment. The *Edmonton Journal*, by the way, called the program change a progressive use of public money, helping needful people to make difficult transitions. Through the Alberta child health benefit program we provide children in low-income families with free coverage for prescription drugs, dental and optical services, and other health benefits. The challenge was to increase enrollment in this program. We increased income qualifying levels for the Alberta child health benefit, and we launched an awareness campaign to increase the number of families enrolled in the program. The result was a 3 percent increase in the number of children registered over the previous year and an increase of \$1.6 million in spending over the previous year.

Goal 2 is that "Alberta's workers have the skills they need to succeed in the labour market." We provide programs and services that ensure that working Albertans can continue to improve their skills and keep up with the changing labour market and make well-informed career, education, employment, and business decisions. Last year the department developed Defining the Path, the Alberta Human Resources and Employment aboriginal strategy. We finalized the disability-related employment supports policy manual and provided training for Alberta government employees, service providers, and postsecondary institutions. We introduced the First Nations training to employment partnership program, designed to

help First Nations people who are unemployed or underemployed develop the skills they need for sustained employment prospects.

8:40

Goal 3 is that “Albertans have quality workplace and labour market information.” We encourage Albertans to click, call, or come in to get information about careers, learning, and employment. In the past year over 80,000 people attended career counseling sessions or group workshops. Over 222,000 people called us looking for career and workplace information. Over 1.3 million people visited our labour market information centres across the province. Over 1.4 million people went on-line to access career, learning, and employment information via the Alberta learning information system, the ALIS web site.

Goal 4 is that “Alberta has a fair, safe and healthy work environment.” One of the most important achievements this past year was the successful launch of WorkSafe Alberta, a partnership with industry to reduce workplace injuries by 40 percent over the next two years. Our awareness campaign, Choose Safe Not Sorry, is well under way, and we are receiving very positive comments. We demonstrated our commitment to workplace safety by strengthening the Occupational Health and Safety Act by increasing the maximum fine for a first offence to \$500,000, extending the length of time which the department has to begin a prosecution to two years, and, instead of fines or incarceration, enabling judges to award penalties such as providing safety or education programs. A 40 percent reduction in lost-time claims will mean 15,000 fewer injured workers each year. This translates into an annual saving of over \$200 million in WCB claim costs.

Another important component of goal 4 is fairness in the workplace. The target of 99 percent for collective bargaining agreements settled without a strike or lockout came in, actually, at 93.2 percent. We missed the target largely due to the labour dispute between the Alberta Teachers’ Association and the school boards. However, for the most part, our labour relations processes are working to help employers and unions succeed in avoiding work stoppages. Alberta has a relatively stable labour relations environment due to fair and balanced legislation, skilled and experienced mediators, and a labour relations code that works.

Goal 5 is that “Alberta has a productive workforce that meets the needs of the economy today and in the future.” In ’02-03 the department developed a skills investment strategy to better help people prepare for work, adjust to career and work changes, and develop skills needed in the workplace. Prepared for Growth: Building Alberta’s Labour Supply, year 1 report to Albertans, was produced as part of the economic development strategy, a cross-ministry initiative we are collating with Alberta Learning, Alberta Economic Development, and Alberta Agriculture, Food and Rural Development.

Goal 6 is operational, that “Albertans receive effective and efficient programs and services.” I’d like at this time, then, to acknowledge the staff of Alberta Human Resources and Employment, who continue to provide high-quality service to Albertans. The personnel administration office, the PAO, works collaboratively with ministries to respond to emergency human resource issues and to ensure that the Alberta public service has the skilled employees it needs to meet the challenges of the future.

Beginning in 1998 the corporate human resource development strategy was established as a cross-ministry initiative and continues to position us well in attracting, retaining, and developing talent. Many of the following achievements were part of the strategy and the result of the cross-ministry collaboration. Through the corporate

executive development program we developed stronger, more capable leaders at the most senior levels within the public service. We encouraged the use of the ambassador program to market the public service, with 177 ministry representatives actually participating as ambassadors at a variety of career fairs across the province. The public service provided over 600 internship, co-op, and work experience placements for students and recent graduates, providing some of our future leaders with experience in the public service.

Results from the cross-government employee survey continue to be strong: 81 percent of employees are satisfied with their jobs in the Alberta public service; 90 percent of managers are satisfied that their employees have the skills they need; 75 percent of employees understand how their work contributes to their department’s business plan.

The Premier’s award of excellence program again recognized best practices and encouraged continuous improvement. In ’02-03 there were 45 submissions, and 22 teams were recognized with awards.

The year 2002 marked the 25th anniversary of the government of Alberta’s occupational health and safety program. Events were held to mark our long-standing commitment to workplace health and safety. Overall, I’m pleased to report that we have a strong public service capable of delivering on this government’s commitments to Albertans.

The Alberta Labour Relations Board. The Labour Relations Board continued to meet the labour relations needs of Albertans by focusing on the timeliness and quality of its processes, including shortening the time it takes to review a hearing and settling 56 percent of those applications that were scheduled for a hearing before the hearing actually took place.

Appeals Commission for Alberta workers’ compensation. The Appeals Commission for Alberta’s workers’ compensation transferred to the ministry in September of ’02 and now functions completely independently from the WCB. The independence of the Appeals Commission is important in ensuring a more open, transparent, and accountable appeal system. The Appeals Commission will report on its performance in the ministry’s ’03-04 annual report, after it has been operating as a government entity for a full fiscal year.

In conclusion, committee members, in all, the ministry invested over \$1 billion in Alberta’s people and workplaces. We have high client satisfaction rates, high client success rates, and continue to work towards improving the lives of Albertans. The results were a result of the efforts of over 2,000 employees that we are responsible for. Their work is what made the difference for people and workplaces across the province.

That concludes my remarks, and I’d be happy to try to handle any questions.

The Chair: Thank you.

Mr. Dunn, do you or your staff have any observations at this time?

Mr. Dunn: Thank you, Mr. Chairman. Briefly, our comments on this ministry are located on pages 165 to 177 of the 2003 annual report. In this section we provide two numbered recommendations.

Recommendation 24 on page 169 concerns a new system that was bought during the year to administer contracts with a link to Imagis for processing contract payments. A number of problems have been identified with this new system, and we believe that many of the problems resulted from not clearly defining the users’ needs at the beginning of the process and inadequate user acceptance testing.

Recommendation 25 on page 175 concerns the WCB and its claim management system for economic loss payments. After a period of

seven years our office was reappointed the auditor of WCB for its year ended December 31, 2002. We have received comments from the WCB directors and senior officers expressing satisfaction and appreciation for the work done by our auditors. During this 2002 audit we examined the controls in the WCB's claim management system and reviewed the work of the WCB's internal and external actuaries. Our findings on the economic loss payment system are noted on page 176.

We have also assisted the WCB in following up an alleged fraud at the WCB. Our forensic specialist has assisted their internal audit and security personnel in investigating and gathering evidence to file a statement of claim against a case manager and an injured worker. We have also assisted the WCB in revising its controls in this area.

We have followed up six recommendations previously made to the department and for which we believe satisfactory progress is being made in implementing our recommendations. Those recommendations dealt with clarifying the training-on-the-job program policies and procedures and ensuring that all regions consistently apply them, the department incorporating conflict of interest guidelines in the contract manual policies and procedures for all programs involving service providers, the department improving its procedures to monitor compliance by training providers within the terms of the skills development program, developing a new system to restrict access that training providers have to client information and monitoring inquiries to client-sensitive information, the department obtaining assurance on the effectiveness of the controls at the outsourced private-sector computer services provider, and the ministry establishing and testing a business resumption plan. As I mentioned, we have followed up each of those this year and believe that the department has made satisfactory progress in adopting our recommendations.

Mr. Chairman and committee members, those are my opening comments, and I and my staff will be pleased to answer any questions that the committee may direct to us. Thank you.

8:50

The Chair: Thank you very much.

We'll start the questioning now with Ms Blakeman, but I would remind all members that there is already quite a long list this morning of questions, and if you could keep your questions as brief as possible so that everyone gets an opportunity, I think we would be better served. Ms Blakeman.

Ms Blakeman: Thank you very much, Mr. Chairman. My questions are, indeed, around the first recommendation that we find in the Auditor General's report on page 168. This is numbered recommendation 24, recommending that the department "ensure the Contract Management Administration System meets user requirements." There's a number of problems with this new contract management administration system that are laid out on pages 168 and 169. I'd like to specifically focus on the management reports not being available. They can't use them, it says, "detailing when contracts are created and approved, or when invoices are paid." So my question to the minister: if they can't use this system that's in place, then how were the contracts and invoices being monitored or perhaps are still being monitored? If you can't use the new system you've got, how are you doing it?

Mr. Dunford: Well, in terms of the problem that was identified, then we reverted in some or I guess most cases to the previous manual systems. But in the interim a department issues management committee and an issues co-ordinator role have actually been implemented to address these concerns and the weaknesses that have

been identified. A postimplementation review of the contract management administration system commenced in October of '03 – so just last month – and the results will be used to assess the success of the implementation. The findings of this review will then be shared with other departments. A new version of the contract management administration system scheduled for implementation in the spring of '04 will enhance the overall quality of the system.

Ms Blakeman: Thank you. As a supplemental, can you tell us the cost of implementing the original system and how much the modifications to create this new version you're talking about will cost as well?

Mr. Dunford: Do you have those numbers, Duncan?

Mr. Campbell: The actual cost for the system was around \$450,000, but that doesn't take into account the cost of the training and all of that, so you're probably looking at a total cost of about a million dollars.

Ms Blakeman: And is that including the revision?

Mr. Campbell: For the revision, because it's an off-the-shelf product, those enhancements are done by the vendor. Then because we already have the licences in use, they just update, because we haven't made any modifications to the system. Whenever the vendor updates the contract management system, we're able to just move it in. There'll be some cost to training again, of course.

The Chair: Thank you.

Mr. Marz, followed by Dr. Taft.

Mr. Marz: Thank you, Mr. Chairman, and thank you, Mr. Minister, for your very thorough opening comments. I think you've answered in part at least my first question, why caseloads for the Alberta child health benefit increased over the past several years. Could you tell me how much of that increase would be attributable to population growth, and do you anticipate similar increases in the coming years?

Mr. Dunford: Well, to approach the last part first, we do expect increases because we know that we don't have full penetration yet. We know that there are low-income families out there that just need to come forward and would be able to have access to these benefits. One of the things that I've started doing in any consultations I have with, you know, stakeholders or advocacy groups is to seek their help in circulating the information that we have regarding the child health benefit.

The reason that we do this is not just to spend taxpayers' dollars. One of the things that we know about is a thing called the welfare wall, and one of the reasons that we know as to why people won't climb over the welfare wall is concern about their children and about their children's health. So what we are doing along with the co-operation of the federal government and all other jurisdictions across Canada is trying to find ways to reduce the height of that welfare wall. We believe that while there might be initial costs in terms of providing more benefits to more children – and, really, that's the right thing to do anyway – we believe that ultimately we will start to contain the growth in our welfare numbers and, hopefully, even start a whole new series of decreases in caseload.

On your question about population, the population of Alberta over the last five years has been increasing about 2 percent a year, but the growth in our numbers exceeds that, and that is because of our ability to publicize the program.

Mr. Marz: Thank you. Could you tell me what benefits the Alberta child health benefit program does provide to low-income families?

Mr. Dunford: We provide premium-free dental, optical. We provide for emergency ambulance. We provide essential diabetic supplies, and we provide prescription drug coverage for children. Now, these are children that are living in families of low income, and for the record the income cutoff is somewhere between \$21,000 and \$22,000 per year.

The Chair: Thank you very much.

Dr. Taft, followed by Mary Anne Jablonski.

Dr. Taft: Well, I am going to follow up on the last question because I think it's so important. In terms of looking at the long-term direction of the ministry, I think the minister made some valuable comments there in terms of trying to get at the root causes of why people end up on things like supports for independence. My question really is: could the minister fill us in a bit on what interdepartmental co-ordination there might be between his department, say, and Health and Wellness and Learning and other departments in terms of a comprehensive, farsighted approach to trying to break the welfare cycle? I assume you're working with other departments.

Mr. Dunford: Yeah. Of course, Children's Services is attached right to us, so we work very closely with them, but you've identified the other ones: Alberta Learning, of course, and Aboriginal Affairs. We have to have very close contact with them because many of the children and thus their parents are on assistance.

I'm supposed to speak about the actual year that's passed instead of our vision, I guess, but I can't help it; I'm going to speak about our vision.

Dr. Taft: I don't mind.

Mr. Dunford: One of the things that really appeals to me is a school in a community. There's an attachment there to the community, but there's also compulsory attendance for children. It seems to me that within the walls of the school there are tremendous opportunities for a cross-ministry initiative, and that's one of the things that is being pushed currently within our government. I don't know that it would have, you know, a good title or not, but the one I'd like is a cross-ministry on the classroom. I would like to see a combined effort, then, of all of these ministries that we've been talking about. Really, what I'm saying is that we'd have a captive audience, and we can do a lot, then, from that community school being the hub out, then, into where the parents are, into where low-income Albertans are.

9:00

In the meantime, we are working very closely and trying to actually upgrade some programs as it relates to domestic violence. Even though we know that our responsibility would be – usually it's the mom or, you know, the female partner in the relationship. She will come for our assistance, but there are almost inevitably children that are involved. So we're trying to find better ways to work with the shelters and, of course, again with Iris's department in terms of those children.

I thank all of the members here for their support of the income and employment support program that passed in the spring session, because one of the things that deals with that program is trying to provide what people need rather than what they might be entitled to under a low-income program.

Probably one of the most dramatic changes that we will make, even though it will look small, will be the fact that we're going back to providing damage deposits. We're going back to recognizing that when domestic violence takes place and that mom and those kids have to leave home, it's impractical to think that the police are going to get rid of that guy, out of that home, and even if they were to get rid of him, I mean, he knows the bloody address and he'll be back. So we're going to provide for damage deposits so that they can get a safe and secure place.

Dr. Taft: I appreciate those comments and encourage those developments. I'm trying to relate it back to the report at hand, although I did very much appreciate those comments.

With the child health benefit or with his other work that the minister has described, was there in the year we're discussing any sort of evaluative research undertaken, cost-benefit sorts of analyses or broader evaluations, to help guide this direction? For example, are you able to provide any evidence that these kinds of early intervention programs are actually having a good effect at this point, or is that part of a longer term evaluation process?

Mr. Dunford: Thank you for that. It's part of a longer term evaluation process, but in the time framework that we're talking, we did have the low-income review committee and a tremendous amount of input. While it might not be, you know, the sort of academic research that maybe you and I might look for at different times, certainly with the tremendous response that that committee got, there was an incredible amount of anecdotal evidence that started to add up to, I think, some pretty clear directions of where we ought to be going.

Dr. Taft: Okay. Thanks.

The Chair: Thank you.

Mary Anne Jablonski, followed by Mr. Mason.

Mrs. Jablonski: Thank you, Mr. Chairman. Well, good morning, Clint. I want to say a couple of comments to begin with. First of all, I know that this is probably the most difficult portfolio that we have in government, and I want to congratulate you and your department on handling it very well. Your quick response and logical and sensible responses to some of the queries that have come to my office have been remarkable, and we certainly appreciate the efforts of all your staff and the decisions that you make. I just want to compliment you also on the parents keeping the health benefits once they enter the workforce. I think that's fantastic. It's certainly a step in the right direction. And the last one is your recognition of the importance of something as simple as a damage deposit in domestic violence concerns. So thank you very, very much for all those things.

One of the concerns that I hear a lot about is AISH, and I know you do too. On page 188 in schedule 5 it shows under 2.3.3 that we budgeted \$361.2 million and that the actual expenditures were \$349.8 million, so there was a surplus of nearly 11 and a half million dollars. Can you tell me why there was a surplus?

Mr. Dunford: We didn't hit the growth numbers in that particular year that we had anticipated. We had been moving along at a 7 percent growth, so we just extrapolated and provided for that again in our business plan, and it actually came in at 6 percent. It's still a lot of growth, but, you know, it wasn't as high as anticipated.

My notes tell me here, though, that we had overprojected the actual health costs that would be involved along with this client base,

so that contributed a small amount to the surplus as well.

Mrs. Jablonski: Would it be fair to ask you if we all have the same sort of overbudgeting this year?

Mr. Dunford: I think we're at 6 percent this year. We may have reduced it to 5 percent – I'm not sure – but we don't see much room for surpluses in our budget.

Mrs. Jablonski: That's why I was wondering why you had one.
Thanks, Clint.

The Chair: Thank you.
Mr. Mason, followed by Mr. Cao.

Mr. Mason: Thanks very much, Mr. Chairman. Mr. Minister, welcome. I would like to ask about workplace safety. I would like to know how we're doing in Alberta relative to workplace lost-time injuries and deaths. I know that about a year or a year and a half ago you made a statement in the Legislature indicating a strong desire to bring that number down dramatically and make Alberta workplaces safer, so I'd like to know how we're doing in terms of that.

Mr. Dunford: Okay. Well, we're gaining, but it's still not enough. One death is too many. In '02-03, if I recall the numbers, I think there was still in excess of a hundred deaths that would be attributed to the workplace. I might point out that two-thirds of those are generally associated with a mishap on a roadway, and we don't have jurisdiction at that point. It's then a matter of Transportation, but Workers's Compensation would be involved because the person was likely at work and in their vehicle. So our investigations are confined, then, to the actual worksite, and in those areas we've had some improvement.

Up until '02-03 I was guilty of complacency, and I compared Alberta with other jurisdictions, and if you recall our performance measures, as long as we were in the top third in Canada, we were okay. We've thrown that completely out the window now. That's not okay. We're forging new ground here on our own. We are showing some improvement. The lost-time claim rate is, you know, a statistic that is the number of persons as a percentage of every hundred persons that work that year.

So some historical background. When all of the jurisdictions started to classify their statistics that way, Alberta was at 4.3. So 4.3 workers out of every hundred were injured to the extent that they couldn't report for work at their next scheduled shift. In 2001 we were at 3.4, and it looks like 2002 is coming in at 3.0, and thus far in '03 we're at 2.8, 2.9.

9:10

I know that it's still only November and lots of stuff can happen, but we're just praying so desperately for a number with a two in front of it to sort of break through that area of resistance and get into the twos. We've made the target, 2.0 by the end of 2004. We're not giving up on it. I think that in this area – and I hope you would agree – we have to set huge targets; first of all, to get people's attention focused and then to get people to stretch and change the way that they do business.

Mr. Mason: Thanks, Mr. Minister. In your annual report is there information provided in a way that we can easily track the progress of the department?

Mr. Dunford: I would think so, but we work with it every day, so

what might be clear to us might not be as clear to other folks. Do you have our annual report?

Mr. Mason: I do. I have it right here.

Mr. Dunford: Page 92. Well, I wasn't quite accurate with my numbers. The 3.4 was in 2000 and then 3.2 and then 3.0.

Mr. Mason: Does it have data relative to workplace deaths?

Mr. Dunford: Actually, I don't think we do. Perhaps that's a refinement we should make.

Mr. Mason: Thank you.

Mr. Dunford: So staff will make a note of that. I think it's a good comment. I think we should do that in future.

The Chair: Thank you.
Mr. Cao, followed by Ms Blakeman.

Mr. Cao: Thank you, Mr. Chair. First of all, I commend the minister and the department people in helping MLAs, particularly in answering questions, solving my constituents' personal issues as well as cases they have brought to our office. I say that this is a very important department because it's relating to people, which is very important for Alberta.

My question is regarding the skills development program. I remember there was some talk about changes, some sort of improvement in terms of the assessment, the result of the program. The Auditor General's report indicated some of the areas on page 172, skills development program. My question on that aspect is more on I think the measurement of the results or the tracking of the effectiveness of that program. I notice that the Auditor General talked about some improvement there, but I would just like your comment, Minister, on that program itself and the status of it.

Mr. Dunford: Well, first of all, let me say that it's the heart and soul of Human Resources and Employment. Human Resources and Employment doesn't make any sense without skills development. To take, you know, adult social services and combine them with the department of labour, what have you got to make the connection? Of course, that's the career development portion or skills development, as we now call it, so it's an integral part of our system. We consistently go overbudget in this particular area. The demand is extremely strong. I don't know how many individual contracts that we'd have out there, but certainly our case management is improving in this particular area. We expect to see in most if not all contracts that we sign a 70 percent success rate, and we're not talking just, you know, the day after the program. If I recall, it's six months down the road.

We've gone to competitive bidding in terms of providers. We've withstood tremendous pressure from all kinds of areas in relation to that, whether it be in urban or in rural areas where traditionally people had always done this for us and also within the aboriginal community, where they were not used to competitive bid kinds of situations either. So we're very dedicated to that principle. Again, because it is so key, when the Auditor General nods toward that issue, we pay attention.

Mr. Cao: Thank you, Minister. My second question is regarding the WCB aspect. There's a recommendation on page 175 from the Auditor General's report. I'd like to just ask you a question as far as the operational issues in WCB in giving temporary awards out to

people. All of those are indicated on page 176 of the Auditor General's report. My question is how as a minister you're responsible for the legislation but WCB is an operation that's sort of arm's length. What's your role in influencing them to make sure that they follow?

Mr. Dunford: Well, I think the biggest thing we've done in that regard with our reform of the WCB appeal system was having the AG as their auditor, having the fact that, you know, they now have to have public annual meetings, things like that. I don't think there's any question that we've been able to have a more open and accountable system as far as WCB is concerned, so we were able to do those kinds of things through legislation. I think that to some extent there may have been some complacency amongst WCB officials at the time that maybe the government didn't matter so much, that, you know, as long as employers were happy and that sort of thing, maybe they could get by. We sure as hell changed that attitude. Whenever you have a legislative and regulation-making authority, they have to be listened to, and we now think that they're listening better.

Mr. Cao: Thank you.

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

Ms Blakeman: Thank you very much. That was a nice segue. I appreciate it. I, too, am referring to numbered recommendation 25, appearing on page 175, with information following on pages 175 and 176, around the economic loss payments. I note that the WCB is attempting to correct some of these. A number of plans are outlined here. I'm interested in: "Manager's approval will be required for zero based [economic loss payments] where injured workers are incapable of recovering even a portion of their pre-accident earnings." Could the minister share with me why only the zero-based ELPs require the managerial approval? Is this appropriate, or should other larger economic loss payments also be included in this?

9:20

Mr. Dunford: Mr. Chair, I'm not sure of the process. I don't have the notes in front of me to specifically answer that question. Can we reply in writing? Is that permissible?

The Chair: You certainly may, Mr. Dunford, through the committee clerk, please, not only to Ms Blakeman but to all members.

Mr. Dunford: Yes. Okay. I think I would have to do that, then, because just from the question I don't think I can drill that deeply into it with the knowledge that I have in front of me at this point.

Ms Blakeman: You can direct the officials that are with you to answer, if you choose.

Mr. Dunford: Well, there's nobody from WCB here. It's been kind of a ministerial attachment to the WCB.

Ms Blakeman: Okay. I'll give you the supplemental, then, and if you want to give that in writing as well, that's fine. The supplemental was around the third point in that section: "Management will undertake quality assurance reviews of ELP policy application." I'm wondering if these, indeed, have occurred, and if they have, what are the outcomes?

Mr. Dunford: I'm not sure of the outcomes. I know that the

training has taken place, but again we'll direct that question to WCB, get the answer, and circulate it.

Ms Blakeman: Okay. Thank you.

The Chair: Thank you very much.

Mr. Ouellette, followed by Dr. Taft.

Mr. Ouellette: Yeah, Mr. Minister. On page 148 of the annual report it says that the average age of our public-sector employees is around 45.

Mr. Dunford: The average age?

Mr. Ouellette: The average age, yes.

Mr. Dunford: I thought you said: wage.

Mr. Ouellette: Maybe my tongue isn't working very well today.

Are you doing anything to address an aging workforce in the province?

Mr. Dunford: Yeah. We're trying to figure out how to keep them at work. We can't let them retire. It's actually kind of scary when you look at an age demographic of the public service. I don't know if it says it here, but I believe that within the next five years 49 percent of the so-called upper management would reach the age of being able to retire with full benefits. Now, I don't know how many of them will take us up on that, but if that happens, as you can see, there's going to be, you know, quite a hole left in the organization. Now, this is not particular just to the government of Alberta as an employer. Many employers are facing the same thing. So under the PAO part of that strategy, of course, is: how do we attract and then retain skilled people in this particular area?

And on that, Shirley, did you want to come and grab a microphone and tell us how you're doing? Shirley Howe introduced herself earlier as the Public Service Commissioner.

Ms Howe: What we're doing is we're spending a lot of our efforts looking at overall development initiatives for the public service, so a real focus on leadership development at the senior level and overall development for all employees in the public sector.

With respect to attracting and retaining, we're looking at bringing in new employees through the internship programs, and I think that in the last year we had over 600 internship, work experience, and co-op students that we brought into the public sector. We as an employer are trying to look at marketing the public sector in Alberta as a good place to learn and work and grow and develop.

With respect to retaining our employees, we are continuing to look at building a good work environment and ensuring that our employees are satisfied with their employment. The overall satisfaction rate for our employees continues to be high, I think 81 percent.

Mr. Dunford: I just wanted to add something quickly. I know I take too long in my answers, but just quickly. In our wage curve in the public sector we have something that helps us, but then it also hurts us. The wage curve in the government of Alberta is too flat. What that means is that we probably have hiring rates that are in excess of the private sector, but then what we have within our management structure at the top end of that wage curve is too low, so that's something that's a continual challenge. How it relates, then, Luke, to your particular question is that we can attract, but the retention is

a concern for us. You know, we have tremendous orientation programs, tremendous training programs, but two, three, five years out they're leaving and into the other public-sector operations in the province or into the private sector. That's something that this government is going to have to address at some point.

Mr. Ouellette: Thank you, and I guess you answered part of my supplemental there with attracting young folk. Also, at the bottom of the page it's showing that almost 60 percent of our employees are located in Edmonton. I guess, to put a plug in for my rural development initiative, I'm just wondering: because we do have a problem in rural Alberta to spread the jobs around or to try to retain youth in rural Alberta, is there any particular reason – is it more cost effective? – why we have all of our employees, or almost 60 percent of them, situated in Edmonton?

Mr. Dunford: Well, it is the capital city, so this becomes, then, the head office, so to speak, for the government as an employer. I think there have been good and bad results when some services have been moved from the capital area. It'll be interesting to see what Super-Net does over time, especially as it relates to rural Alberta.

In our ministry we've kind of done a 180. We at one time were thinking of reducing the number of employees in many of our rural work areas, but when we did the tour and talked to people and found out that they had capacity there that we weren't really utilizing, we've switched to the point where those existing rural areas have now become more productive because we've given them more to do. We haven't, you know, looked at the traditional lines of what their responsibilities are; we've broadened them. I don't know that we're necessarily in the lead on this, but we have done this, and I hope other ministries would look to do this as well.

Mr. Ouellette: So do I. Thank you.

The Chair: Thank you.

Dr. Taft, followed by Mr. Cenaiko.

Dr. Taft: Thanks. I'm looking at page 182 of the annual report and, particularly, note 9 on the legal claims against the department, which are significant: 15 claims totaling \$213 million. If you compare that to the year before, there were . . .

Mr. Dunford: I'm sorry. I haven't found that.

Dr. Taft: Page 182 of your report, note 9.

If you compare the 15 claims totaling \$213 million with the year before, the year before there were 19 claims but only \$12 million of value. So I guess the first question is the obvious one: what caused the sharp increase in the awards sought? It's really a huge increase.

Mr. Dunford: I have no idea. Just give us a minute. I know that one of the previous members talked about the kinds of things that this department gets involved in and that, you know, it's considered a tough department by some of the standards, and this might be some of the reflection of that.

I'm hearing advice here that this is one we'll have to get back to you on in writing as well.

Dr. Taft: Okay. Well, then, again to put my supplemental on the record for written follow-up.

The Chair: Please.

Dr. Taft: If we could get some detail on these cases and what's

involved and who or which branches are involved and what they are for, because \$213 million is a large outstanding claim.

9:30

Mr. Dunford: Quite often we get thrown into the WCB package, but we'll get the information.

Dr. Taft: Sure. Well, that explanation would be helpful. Thank you.

The Chair: Thank you.

Again, I would like to remind the minister and his staff that those written responses could be through the clerk to all members.

Mr. Dunford: Okay. Will do.

The Chair: Okay. Thank you.

Mr. Cenaiko, followed by Mr. Mason.

Mr. Cenaiko: Thank you. Minister, on page 56 of the annual report it shows caseloads, and I just wanted to briefly touch on the top two. Under supports for independence, if you look at 1999 to 2002, you see the difference there going from 31,000 to 28,000, so there's a decrease, which still represents almost 1 percent of our population in Alberta. Under the assured income for the severely handicapped it goes from 24,000 to 30,000, and I was just wondering if you could provide some information regarding why a decrease for supports for independence, which should be a good thing, but a huge increase in AISH.

Mr. Dunford: The main difference in the two categories, although it's not exactly a hundred percent – for practical purposes you could look at it this way. The supports for independence folks would be generally capable of performing work whereas the AISH clients, generally speaking, would not be capable of work. So what you have, then, in the reduction of the supports for independence in those years that you noted is that the 1993 reforms were still operating within this time frame that we're talking about. The economy was picking up. People, then, had the ability to work.

On the AISH side there are a couple of things there. One is population growth. People that are coming to Alberta are bringing their families, so we started to see some uptake in the AISH count. Because AISH has been so well publicized, there have been, to some extent, families that maybe had not been aware or perhaps didn't want to be involved in a government program who did come forward. When you look at statistics, it shows that Alberta's average age is continuing to decrease. That is primarily because of the influx of people into this province. Albertans themselves, you know, that have been here, are aging, so we're seeing a higher aging population.

Mr. Cenaiko: Thank you very much. My supplemental question has to deal with the AISH amount that they receive monthly as well as tying that in with the market basket measure, and it says at the top of the page: "However, the data were released on May 27, 2003. The delay in receiving this data significantly impacted discussions regarding the development of this measure." So are you planning on looking at a market basket measure for the AISH component?

Mr. Dunford: Well, what the market basket measurement does and will do is give an indication based on expenses of what it costs to live in different kinds of environment, whether it's a large urban centre or a small town or, in fact, a rural area, and the numbers are now available to us. Whether or not AISH will somehow be tied to

a market basket measurement in terms of the benefit is a policy decision and then a financial decision that's not been made at this point.

Mr. Cenaiko: Thank you.

Mr. Dunford: Now, Mr. Chairman, I think there's an opposition member next to question, and I would take that, but then I'll have to excuse myself after that.

The Chair: That's fine, Mr. Minister. There have been discussions around this committee table in regard to the difficulty it is with your busy schedule, not only for you but your colleagues, to attend these meetings, and it will give us a fine opportunity. I'm sure Mr. Stewart and Mr. Campbell will do very well until we conclude at 10 o'clock. In the future, if you have any observations you'd like to either make to the chair or to the deputy chair or any other member in regard to the idea or the concept that perhaps Public Accounts Committees could just have the departmental staff here, if it's too much time constraint for members of the cabinet to get here.

Mr. Dunford: No. I think ministers have to be accountable. I think we need to try to work it in.

The Chair: Okay. But we recognize you have difficulties with your schedule.

Mr. Mason.

Mr. Mason: Thanks, Mr. Chairman. My next question was actually for the Auditor General, but maybe the minister may wish to add some comment as well. Mr. Auditor General, I'm looking at the report dealing with this department, starting on page 165 of your report. I see recommendations relating to the financial statements, auditing procedures, systems, and so on, but I note that the department spends a billion dollars a year and serves many, many thousands of people through different programs, programs that MLAs deal with every day at their constituency offices: the social assistance programs, the AISH program, and the WCB. I'm cognizant that you have limited resources, and I wonder if you kind of rotate through departments and go more intensively into their programs and whether or not the programs are doing what they're supposed to do.

Questions I would have are whether or not people are actually being helped by these programs, whether they can live on what they receive. Are they encouraged to become independent of government programs in a positive way? Are taxpayers getting value for money from the billion dollars that this department spends on these critical programs? So the question really is: do you have plans in the next audit or two to go more intensively into the actual programs of this department?

Mr. Dunn: Briefly, because we're going to be talking about the future, indeed as we look at the financial statements, we do not rotate. We cannot rotate. We must look at each financial statement every year. As I've mentioned to you, when we do what we call our value-for-money or systems auditing, we do rotate as to areas of emphasis; by way of example, the WCB one on its claims processing system, that we looked at last year.

Picking up on Mr. Cao's point earlier, we have already scheduled a large systems examination into the succession planning. We've started out with the PAO, and we'll be looking at that exact system this year, the whole succession planning area, and we will be spending a fair amount of time together with HR specialists. I

believe that is ready to be launched. We were just going through the criteria the other day on that one. That'll be ready to be launched very shortly. So, Mr. Mason, we do exactly those sorts of things periodically.

The other big one that we'll be looking at this year, that we're about to launch very shortly, also deals with seniors in care, so those areas we think of as most important: the whole seniors in care and the quality of their housing and care of that. We were looking at that part.

Have we got something specifically on the radar screen right now regarding the AISH program and its sufficiency? We do not have anything that I'm aware of in the plans for that at this point, but we've heard what you have said.

Mr. Mason: Just to follow up, I appreciate that we can make the administration of the departments more efficient and more effective. I guess the question for me is in terms of the programs that the public actually receives, the benefits that the public receives, and whether or not the taxpayer gets value for their money.

I guess I'll just leave it more as a comment than a question, that I would find it considerably more useful if we had operational audits of these programs: where the most money is spent and where the most people are directly affected by the programs. That would be very useful because I know that in my office and, I'm sure, in other MLAs' offices these particular programs comprise the lion's share of the work that we do on behalf of our constituents, so I would flag it personally as a high priority rather than whether or not the computers work or the succession planning and so on is effective. These to me are relatively minor matters compared to the basic question of the programs.

9:40

Mr. Hug: I would just like to respond to that and indicate – and I don't know how far back we would have to go – that if you go back I think it's about five years, during that period of time we had done extensive work in the program area, looking at the programs, and we had a fair number of recommendations in our annual report on the programs. Eventually the department actually took steps to correct a lot of the problems that we had found.

Looking at the programs now and what they've done each year, we feel satisfied that for the most part the risk has been addressed. But we continually assess that on an annual basis, and if, in our view, there are risks there that aren't being addressed – and we would take into consideration your comments as well – we would then decide whether we'd do further work in that area.

The Chair: Thank you.

Ms DeLong, followed by Ms Blakeman.

Ms DeLong: Thank you very much. I'm on page 182 of the ministry annual report, about contingencies. It's talking about \$213 million, yet I don't understand where it is in the actual financial statements in terms of contingencies. Does that come out of the budget of Human Resources, or is that part of Finance?

Mr. Campbell: Until such action happened, then there would be some determination on how it would be funded, but we wouldn't have the capacity in our own budget to fund something like that. So as those cases come through, if the government was found guilty and if a fine was levied or some damages levied, then we would have to put that into our forecast, and then it would have to be funded through the supplementary estimate route. We wouldn't have the money, normally, to pay that kind of cost.

Mr. Dunn: Just as a bit of a supplement there, further on in that note we do talk about a number of those claims which are covered through the Alberta risk management fund.

Ms DeLong: Does that mean there are contingency funds in another department that cover that, then, or does it have to be a supplemental?

Mr. Campbell: Government self-funds its insurance, so it wouldn't come out of the department per se.

Ms DeLong: Thank you.

The Chair: Ms Blakeman, followed by Mrs. Ady.

Ms Blakeman: Thank you very much. I'll direct your attention to the department's annual report, page 188. I'm particularly looking at vote 2.3.3, the assured income for the severely handicapped program. I can't find it anywhere else, so this is the reference I'm using, but maybe you can tell me where to find it. The first question is: why is a breakdown not shown of the amount of money that goes directly to clients of AISH versus the amount of money that goes to medical payments or that goes into the medical system? Why isn't that shown, or if it is, where could I find it? That's question number one.

Mr. Campbell: When we're putting the estimates together, we only go down to an element level, and AISH is the element, so we have to include the total cost in that.

Ms Blakeman: Okay. Well, the second question is: what is the breakdown?

Mr. Campbell: For AISH I have that here. Just give me one second.

Ms Blakeman: Sure.

Mr. Campbell: I don't have 2002-03, but I have 2003-04, the year we're in right now. For AISH it's about \$106 million for the medical costs. So it would be providing for some escalation of costs. It would be somewhere around \$100 million or less last year.

Ms Blakeman: So that's a budgeted amount. Can you maybe send us the actual amount for the year that we're looking at?

Mr. Campbell: Yeah. That is the actual amount. That's what we're forecasting this year.

Ms Blakeman: Right. And you'll send me the one for this year.

Mr. Campbell: Yeah.

Ms Blakeman: Thank you.

The Chair: Mrs. Ady, followed by Mr. Mason.

Mrs. Ady: Thank you. I regret that the minister is not here because I wanted to tell him that I think his secret weapon is Shelby and that I think she makes him look wonderful at all times. I just wanted that to go on the record, that I very much appreciate the support that his office gives us in our office back in the constituency. Many times we've called on them, and they have been fabulous.

My question is related to goal 1.1 on page 54. We talked earlier a little bit about the health benefits that are given to children. I was

quite interested to hear the minister speak further about the welfare wall and the attempts that they're making to try and help clients get over this welfare wall. Also, he talked about how it's a progressive use of needful money, I think was the quote. I quite like that as well.

But in this particular one you talk about the Alberta adult health benefit and that it goes to all parents leaving supports for independence. I guess I'm wondering why the words "all parents leaving supports for independence" and, if that's true, why you feel it's a necessary program. How long do people generally continue to have that health benefit, not the child benefit, the adult benefit, after they leave SFI?

Ms Ewart-Johnson: Thank you. I think that when we refer to all parents, we're looking at low-income parents and how, of course, a supportive workplace and parental environment will assist children. So it is intended to be all parents.

When we look at how that does put itself in place for the families, we think that these families are much better off when their children have the benefits that they can enjoy: looking at their health care needs, looking at whether or not dental benefits are covered. As we've gone through and examined families with low incomes, we do see that one of the first things that seems to make a difference when you look at health deterrents is whether or not children and these families have this health benefit: whether they can access health services, whether they can see dental care, whether they can have eye care, all of those health benefits.

So this program does help people move from income support into the workplace, and of course this is a bridging program too. When people have come off supports for independence and are still in low-paying jobs, we've made a commitment to continue to provide that health benefit until they're back on their feet again and able to earn sufficient dollars where that benefit can be obtained either through their employment or through their own means. So that's why it's intended to refer to all families.

Mrs. Ady: Okay. So my confusion is that I was looking at it as an adult health benefit as opposed to the children. I was assuming that children were covered under the children's health benefit and that this was specific to adults, to their parents themselves and their health needs.

Ms Ewart-Johnson: That's correct. There are the two. There are the children's health benefit and the adult health benefit, and the adult health benefit is continued for adults, as I say, who come off supports for independence who do require that additional help until they're integrated into the world of work with sufficient income to support that. So there are two benefits.

9:50

Mrs. Ady: Okay. Just for the supplemental what is provided under that adult health benefit specifically?

Ms Ewart-Johnson: That provides prescriptions, basic health care, eyewear, emergency health services, and essential diabetic supplies, the whole range of supplementary health benefits for the adult, not unlike what the child receives as well.

Mrs. Ady: Thank you.

The Chair: Thank you.
Mr. Mason.

Mr. Mason: Thank you very much. I wanted to ask a question

about the minimum wage, which I assume is something that falls under the purview of the department in terms of what the policy is. I'm wondering if the department has reviewed the minimum wage and what sort of framework they use to analyze whether or not it is sufficient.

Ms Ewart-Johnson: The minimum wage, of course, is dictated under the employment standards act. In looking at minimum wage over the years, there have been various consultation forums that have occurred with business communities, with income groups that are supporting low-income Albertans. Currently Alberta's minimum wage is not under review. The department, of course, does examine on a regular basis other programs that do impact the workplace and some of the changes that may be occurring, whether it's compassionate care leave or other benefits that may be forthcoming from EI changes.

Minimum wage, as I say, is something that has been reviewed periodically throughout Alberta's history, probably every four to five years. Consultations have occurred with business communities and with advocacy groups as well as individuals employed in minimum wage.

Mr. Mason: Does the department do actual comparisons of what the income of someone living on minimum wage would be and the actual cost of living for those people?

Ms Ewart-Johnson: I don't have those comparisons at my fingertips. I think that there's probably been some work done over the years, and we will look for information, and we can provide you with a written answer.

Mr. Mason: Thank you very much. Maybe you could also include when the minimum wage was last reviewed.

Ms Ewart-Johnson: Yes. We'll do that, and the consultation that was included at that time.

Mr. Mason: I would appreciate it. Thank you.

The Chair: Thank you. That written response will be through the clerk to all committee members?

Ms Ewart-Johnson: Yes.

The Chair: Okay. Thank you.

Mr. Hutton.

Mr. Hutton: Thank you very much, Mr. Chairman. I've heard the minister speak passionately and with conviction with regard to the WorkSafe Alberta initiative. I'm just curious as to whether or not there's been much industry support with regard to the WorkSafe initiative. It's goal 4 in your annual report.

Ms Ewart-Johnson: Yes. The WorkSafe initiative has had tremendous support from industry associations, in particular construction, the petroleum sector, road builders, as well as many of

the home builders and the retail sector. There have been a number of initiatives under the WorkSafe initiative that have looked at mentorship programs, looked at what are some of the best practices that people can engage in at the workplace to reduce workplace injuries. The mentorship program is one that will be out shortly. That will of course pair workplaces with questionable health and safety records with those with excellent work records. Industry has been extremely supportive of that. There are other committees that are looking at impairment in the workplace and what does that look like, what are some of the best practices, what support mechanisms are in place for individuals?

I can say that all industry associations, including the recognized safety associations that are funded through WCB, have been extremely supportive of this particular initiative. I think everyone knows that it's going to take a lot of work and a lot of partnering and working together to reduce that claim rate down to where we want to see it, with minimum injuries, because of course Alberta's workforce is growing. It's now the time of year where we've got some of the higher hazard work areas in play, whether it be construction or the oil and gas sector. There's been a lot of concerted effort by all partners to work together to reduce injuries and to make a difference.

It's something that organized labour, workers who are not organized, and all groups can come together on and support and look at what makes the most sense to address the issues in their particular work site.

Mr. Hutton: Thank you.

My supplemental question is to the chairman. Can we adjourn now?

The Chair: It's getting to that hour. You're absolutely right, Mr. Hutton.

I would like to express on behalf of all committee members gratitude to you this morning, to the staff of the Minister of Human Resources and Employment, and also to Mr. Dunn and his staff.

I would remind all members that we have a meeting scheduled for next Wednesday, December 3, and we will be meeting with the Hon. Iris Evans, the Minister of Children's Services.

If there are no other questions at this time, could I please have a motion to adjourn? Mr. Hutton.

[The committee adjourned at 9:56 a.m.]